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Report No: PAD2921

INTERNATIONAL DEVELOPMENT ASSOCIATION

PROJECT APPRAISAL DOCUMENT

ON A

PROPOSED CREDIT

IN THE AMOUNT OF (SDRXX) MILLION
(US\$10 MILLION EQUIVALENT)

TO THE

REPUBLIC OF CABO VERDE

FOR AN

EDUCATION AND SKILLS DEVELOPMENT ENHANCEMENT PROJECT

{RVP/CD CLEARANCE DATE}

Education Global Practice
Africa Region

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CURRENCY EQUIVALENTS

(Exchange Rate Effective August 5, 2018)

Currency Unit = Cape Verde Escudos (CVE)

CVE xx = US\$1

US\$ xx= SDR 1

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FISCAL YEAR
January 1 - December 31

ABBREVIATIONS AND ACRONYMS

BCV	Central Bank of Cabo Verde (<i>Banco de Cabo Verde</i>)
CERMI	Center of Renewable Energy and Industrial Maintenance (<i>Centro de Energias Renováveis e Manutenção Industrial</i>)
CSO	Civil Society Organization
DA	Designated Account
DGEFPEP	General Directorate of Employment, Vocational Training, and Professional Internships (<i>Direção Geral do Emprego, Formação Profissional e Estágios Profissionais</i>)
DGPOG	Directorate General of Planning, Budget and Cooperation (<i>Direção Geral de Planeamento, Orçamento e Gestão</i>)
DLI	Disbursement-linked Indicator
DLR	Disbursement-linked Result
DNE	National Directorate of Education (<i>Direção Nacional de Educação</i>)
EEP	Eligible Expenditure Program
EFA	Economic and Financial Analysis
EHTCV	School of Hospitality and Tourism of Cabo Verde (<i>Escola de Hotelaria e de Turismo de Cabo Verde</i>)
ESP 17–21	2017–2021 Education Strategic Plan
FM	Financial Management
FPEF	Fund for Employment and Training (<i>Fundo de Promoção do Emprego e da Formação</i>)
GDP	Gross Domestic Product
GPE	Global Partnership for Education
ICT	Information and Communication Technology
IDRF	Household Income and Expenditure Survey (<i>Inquérito às Despesas e Receitas Familiares</i>)
IEFP	Institute of Employment and Vocational Training (<i>Instituto de Emprego e de Formação Profissional</i>)
IFR	Interim Financial Report
IGF	General Inspectorate of Finance (<i>Inspecção Geral das Finanças</i>)
IMC	Multi-purpose Continuous Survey (<i>Inquérito Multi-objectivo Contínuo</i>)
INE	National Institute of Statistics (<i>Instituto Nacional de Estatísticas</i>)
IPF	Investment Project Financing
IRR	Internal Rate of Return
IVA	Independent Verification Agency
LuxDev	Luxembourg Agency for Development Cooperation



M&E	Monitoring and Evaluation
MDG	Millennium Development Goal
MoE	Ministry of Education
MoF	Ministry of Finance
NEET	Not in Employment, Education, or Training
NER	Net Enrollment Rate
PAD	Project Appraisal Document
PCU	Project Coordination Unit
PDO	Project Development Objective
PEDS	Strategic Plan for Sustainable Development (<i>Plano Estratégico de Desenvolvimento Sustentável</i>)
PER	Public Expenditure Review
PIM	Project Implementation Manual
PPP	Purchasing Power Parity
PPSD	Project Procurement Strategy for Development
RBF	Results-based Financing
RBM	Results-based Management
SABER	System Approach for Better Education Results
SABER-SA	System Approach for Better Education Results Student Assessment
SCD	Systematic Country Diagnostic
SDF	Skills Development Fund
SNQ	National Qualification System (<i>Sistema Nacional de Qualificação</i>)
SPN	Specific Procurement Notice
SSIIVT	Secretariat of State for Innovation and Vocational Training
STR	Student-Teacher Ratio
TA	Technical Assistance
ToR	Terms of Reference
TVET	Technical and Vocational Education and Training
UNICEF	United Nations Children's Fund
WDR	World Development Report



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DATASHEET

BASIC INFORMATION

Country(ies)	Project Name	
Cabo Verde	Cabo Verde Education and Skills development Enhancement Project	
Project ID	Financing Instrument	Environmental Assessment Category
P164294	Investment Project Financing	C-Not Required

Financing & Implementation Modalities

<input type="checkbox"/> Multiphase Programmatic Approach (MPA)	<input type="checkbox"/> Contingent Emergency Response Component (CERC)
<input type="checkbox"/> Series of Projects (SOP)	<input type="checkbox"/> Fragile State(s)
<input checked="" type="checkbox"/> Disbursement-linked Indicators (DLIs)	<input type="checkbox"/> Small State(s)
<input type="checkbox"/> Financial Intermediaries (FI)	<input type="checkbox"/> Fragile within a non-fragile Country
<input type="checkbox"/> Project-Based Guarantee	<input type="checkbox"/> Conflict
<input type="checkbox"/> Deferred Drawdown	<input type="checkbox"/> Responding to Natural or Man-made Disaster
<input type="checkbox"/> Alternate Procurement Arrangements (APA)	

Expected Approval Date	Expected Closing Date
31-Oct-2018	31-Jan-2023

Bank/IFC Collaboration

No

Proposed Development Objective(s)

The Project Development Objective is to strengthen foundational skills in education and improve the relevance of training programs to the recipient's strategic development plan.

Components

Component Name	Cost (US\$, millions)
----------------	-----------------------



Support to the Basic Education Reform	6.40
Support to demand-based training financing schemes	2.00
Support to the Education and Skills Development Reforms and Project Management	1.60

Organizations

Borrower: Ministry of Education

Implementing Agency: Project Management Unit (Unidade de Gestao de projectos)

PROJECT FINANCING DATA (US\$, Millions)**SUMMARY**

Total Project Cost	10.00
Total Financing	10.00
of which IBRD/IDA	10.00
Financing Gap	0.00

DETAILS**World Bank Group Financing**

International Development Association (IDA)	10.00
IDA Credit	10.00

IDA Resources (in US\$, Millions)

	Credit Amount	Grant Amount	Total Amount
National PBA	10.00	0.00	10.00
Total	10.00	0.00	10.00

Expected Disbursements (in US\$, Millions)

WB Fiscal Year	2019	2020	2021	2022	2023
Annual	0.40	1.29	2.45	3.20	2.66



Cumulative	0.40	1.69	4.14	7.34	10.00
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INSTITUTIONAL DATA**Practice Area (Lead)**

Education

Contributing Practice Areas**Climate Change and Disaster Screening**

This operation has been screened for short and long-term climate change and disaster risks

Gender Tag**Does the project plan to undertake any of the following?**

a. Analysis to identify Project-relevant gaps between males and females, especially in light of country gaps identified through SCD and CPF	Yes
b. Specific action(s) to address the gender gaps identified in (a) and/or to improve women or men's empowerment	Yes
c. Include Indicators in results framework to monitor outcomes from actions identified in (b)	Yes

SYSTEMATIC OPERATIONS RISK-RATING TOOL (SORT)**Risk Category****Rating**

1. Political and Governance	● Moderate
2. Macroeconomic	● Substantial
3. Sector Strategies and Policies	● Moderate
4. Technical Design of Project or Program	● Moderate
5. Institutional Capacity for Implementation and Sustainability	● Moderate
6. Fiduciary	● Substantial
7. Environment and Social	● Low
8. Stakeholders	● Moderate
9. Other	



10. Overall

● Moderate

COMPLIANCE

Policy

Does the project depart from the CPF in content or in other significant respects?

☐ Yes ☒ No

Does the project require any waivers of Bank policies?

☐ Yes ☒ No

Safeguard Policies Triggered by the Project

Yes

No

Environmental Assessment OP/BP 4.01

✓

Performance Standards for Private Sector Activities OP/BP 4.03

✓

Natural Habitats OP/BP 4.04

✓

Forests OP/BP 4.36

✓

Pest Management OP 4.09

✓

Physical Cultural Resources OP/BP 4.11

✓

Indigenous Peoples OP/BP 4.10

✓

Involuntary Resettlement OP/BP 4.12

✓

Safety of Dams OP/BP 4.37

✓

Projects on International Waterways OP/BP 7.50

✓

Projects in Disputed Areas OP/BP 7.60

✓

Legal Covenants

Sections and Description

The Recipient shall no later than three (3) months after the Effective Date have installed and customized a computerized accounting software, satisfactory to the Association.

[Financing Agreement, Schedule 2, Section I, Part A, Paragraph 1 (a)].

Sections and Description

The Recipient shall no later than three (3) months after the Effective Date have appointed a dedicated accountant at the UGPE satisfactory to the Association.

[Financing Agreement, Schedule 2, Section I, Part A, Paragraph 1 (b)].



Sections and Description

The Recipient shall no later than three (3) months after the Effective Date sign an agreement with an external auditor and an independent verification agent, under terms and substance satisfactory to the Association, for purposes of Section II.B.1 of Schedule 2 of the Financial Agreement.
[Financing Agreement, Article V, Paragraph 5.01 (c)].

Conditions

Type Effectiveness	Description Adoption by the Recipient of a Project Implementation Manual in form and substance satisfactory to the Association. [Financing Agreement, Article V, Section 5.01 (a)].
Type Effectiveness	Description Adoption by the Recipient of a Fund Procedures Manual, in form and substance satisfactory to the Association. [Financing Agreement, Article V, Section 5.01 (b)].
Type Disbursement	Description No withdrawal shall be made for payments under Category (2)(b), unless Recipient has (i) implemented Part 3.2 (b)(i) of the Project in form and substance satisfactory to the Association. [Financing Agreement, Schedule 2, Section III, Part B, Paragraph 1(c)].



I. STRATEGIC CONTEXT

A. Country Context

1. **Cabo Verde has made substantial development progress, and it currently has the highest gross domestic product (GDP) per capita in West Africa and the ninth highest in Sub-Saharan Africa.** Between 2000 and 2007, Cabo Verde's 6 percent annual growth translated into considerable poverty reduction and boosted shared prosperity, allowing it to graduate from low-income status in 2007. In 2016, its gross national income per capita was US\$2,970, almost six times what it was in 1982.¹ Anchored in stable political institutions and a strong human capital base, the country's economic performance is attributable to significant investment in infrastructure linked to the promotion of the country as a tourist destination. Cabo Verde is renowned for its political freedom, rule of law, year-round attractive climate, and rich culture. Diaspora remittances, which approximate 12.5 percent of GDP (2015), have been an important part of the success story, providing a lifeline to segments of the population, allowing the lower-middle-income country to sustain its high consumption rate, and financing a large trade deficit.

2. **The country has witnessed a sustained decline in the number of poor and has high human capital achievements.** Using a national poverty line of US\$5.60 per day purchasing power parity (PPP), the incidence of poverty fell from 58 percent in 2001 (when poverty measurement began) to 35 percent² in 2015, while extreme poverty, using the national food poverty line of US\$2.90 per day PPP, dropped by two-thirds to 10 percent during this period. Following consistent historic investments in social service delivery, Cabo Verde also outperforms its peers on most nonmonetary dimensions of poverty, including life expectancy, maternal mortality, net primary school enrollment, and access to an improved water source. It is among the few countries in the world to have achieved all the Millennium Development Goals (MDGs). These achievements are even more impressive considering the disadvantages that Cabo Verde faces as a small island state, including remoteness, a small and dispersed internal market, and high costs of social service delivery.

3. **However, the financial crises of 2008 hit Cabo Verde unusually hard and weakened its economy and social cohesion.** The economic and social effects of the 2008 crisis, which resulted in an annual growth of GDP per capita of only 0.9 percent over 2008–2016, lower investment and rising unemployment, are still significant. The high unemployment rate, especially among youth, threatens to lead to behavioral problems. The lack of economic prospects lures poorly schooled youngsters to join urban gangs. Juvenile crime and drug abuse are rising, potentially threatening the tourism industry. In addition, Cabo Verde's demographic transition is taking place faster than elsewhere in Africa, placing increasing pressure on the labor market. The share of the population that is of working age has been rising since 2000 and is expected to peak around 2030,³ compared with an expected peak in 2080 for Sub-Saharan Africa.

B. Sectoral and Institutional Context

¹ World Development Indicators.

² As the general poverty rate is 35 percent, the poor nearly overlap with the bottom 40 percent, the target group for raising shared prosperity, which is one of the World Bank's twin goals.

³ Country Economic Memorandum 2013; Heloisa Marone. 2016. "Demographic Dividends, Gender Equality, and Economic Growth: The Case of Cabo Verde." Working Paper 16/169, International Monetary Fund.



Sector challenges

4. **Cabo Verde has made significant progress in expanding access to education and has achieved nearly universal access to primary education over the past decade.** The net enrollment rate (NER) in primary education has improved from 91.7 percent in 2006 to 98 percent in 2014. Even though preprimary education is not compulsory, significant progress has been made in coverage with 85 percent of children ages 4–5 enrolled in preschool education. Cabo Verde has among the highest education indicators in Sub-Saharan Africa: targets of the MDGs on primary education access have been achieved since 2012; the school-life expectancy is, on average, 13.5 years; and 98 percent of the population ages 15–24 is literate.⁴

5. **However, learning outcomes at the primary level remain relatively low.** The 2010 Aferida, a national large-scale assessment for Grade 6 students, revealed both high variability between individuals and lower-than-expected overall learning outcomes. The average grade was 8.7/20 in mathematics and 7.8/20 in Portuguese. Only 27 percent of students demonstrated satisfactory learning outcomes in both subjects. The island of residency and the household living conditions are significant variables that explain differences between student learning outcomes at the primary level.⁵ A sector analysis⁶ indicates issues of quality relating to several factors, including: (i) lack of sufficient in-service teacher training; (ii) Portuguese being used as the official language of instruction, while it is the second language of many students (Creole being the first); (iii) lack of focus and resources on pedagogical aspects (as compared to social programs);⁷ and (iv) insufficient levels of autonomy for management at the local levels. In addition, the 2017 System Approach for Better Education Results Student Assessment (SABER-SA)⁸ diagnostic found significant gaps between what is actually being taught and assessed in the classroom and the official curriculum, showing that in reality, students are not taught what they are supposed to be learning. The SABER-SA diagnosis highlighted the critical need to establish a more effective student assessment system aligned with best practices to help improve learning outcomes.

6. **Access to secondary education has also improved but remains below the country's aspirations.** Although transition rates to secondary school in Cabo Verde are high (85 percent), the NER for secondary education was only 69 percent in 2014 (Figure 1, panel A), which is much lower than those of countries such as the Seychelles or Mauritius. Dropout and repetition rates have been relatively high at the secondary level, especially for Grades 7 and 8, for the past 15 years, suggesting serious structural difficulties. Only 65 percent completed Grade 9, and only 44 percent of the relevant age cohort completed Grade 12 in 2013⁹ (Figure 1, panel B). Repetition rates, which are rather moderate at the primary level (9 percent), are considerably higher during secondary education (24 percent during the first sub-cycle of Grade 7 or 8; 35 percent by Grade 12). The issue of student retention at the secondary level is likely a result of a combination of factors, including inadequate primary school learning; outdated curriculum and

⁴ UNESCO data, accessed February 2017. <http://uis.unesco.org/country/cv>.

⁵ A difference of 2.5 points in the average between students from the poorest and the richest quintile, and a difference of 2.9 points between the average scores of students on Sal island and those on Santa Cruz island. *Éléments d'analyse sectorielle de l'éducation à Cabo Verde*, UNICEF 2015.

⁶ *Éléments d'analyse sectorielle de l'éducation à Cabo Verde*, UNICEF 2015.

⁷ For example, pedagogical expenditures represented only 1.2 percent of total spending at the primary level, while social expenditures, including school canteen, despite the lack of a targeting system, accounted for 14.8 percent of total expenditures at the primary level in 2014. *Éléments d'analyse sectorielle de l'éducation à Cabo Verde*, UNICEF 2015.

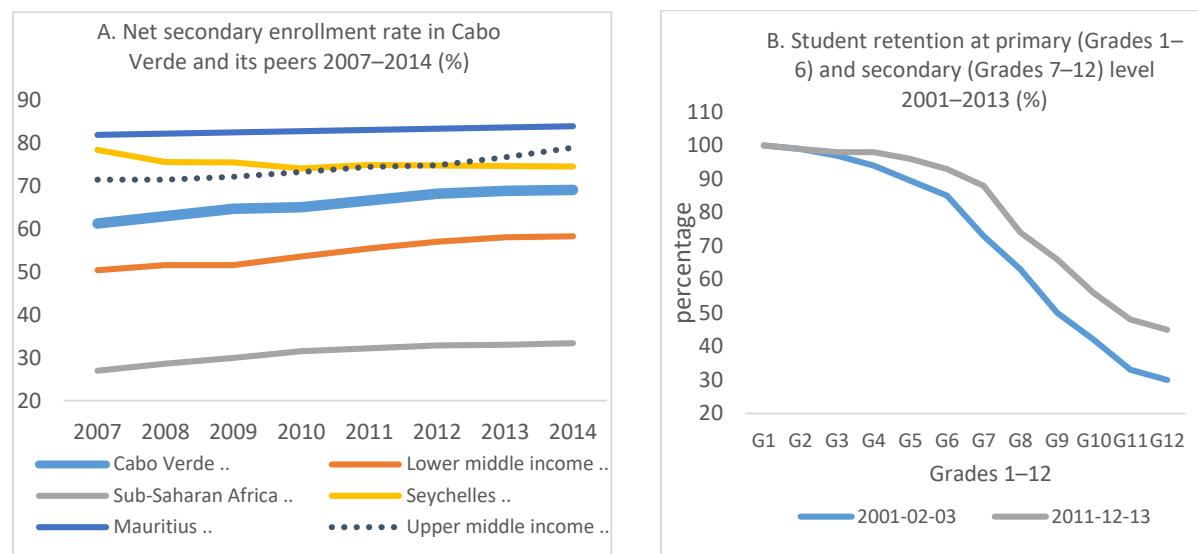
⁸ World Bank 2017: <http://saber.worldbank.org/index.cfm?indx=2&ctrn=CV>

⁹ *Inquérito Multi-objectivo Contínuo* (IMC), a multidimensional survey, introduced in 2012 to replace several households-related surveys.



low quality of educational services that insufficiently motivate adolescent learners; lack of household resources to pay for schooling (including transport); and lack of job prospects, undermining motivation.

Figure 1. Student Retention and Net Secondary Enrollment



Source: Ministry of Education and World Development Indicators.

7. **Relevant skills development opportunities are limited and often do not meet the needs of the economy.** The high percentage of students leaving the secondary level before graduation results in a large amount of young people without sufficient qualifications and competencies, who thus face difficulties in the job market. On the other hand, the technical and vocational education and training (TVET) system has a low coverage and accounts for only 5 percent of secondary-level enrollment.¹⁰ The current TVET system is characterized by a supply-driven and dispersed offering that is not well-articulated to meet job market demands. There are very few initiatives to promote partnerships with industries and employers. Technical education, which is under the Ministry of Education (MoE) and is offered at Grades 11 and 12, remains marginal with limited enrollment and outdated content. Vocational/professional training has been transferred to multiple ministries over the past years (now under the Ministry of Finance [MoF]), and there is an overall lack of coordination and coherence between the general, technical/vocational, and higher education streams.

8. **Youth unemployment has been rising over the past years, especially in urban areas.** In 2016, 49 percent of the urban youth ages 15–19 and 38 percent for those ages between 20 and 24 were unemployed.¹¹ In Praia, 63 percent of the youth ages 15–24 were unemployed. A higher level of education increases the likelihood of being unemployed. Unemployment rates among individuals with only primary education reached 8.3 percent compared to 20.7 percent for those with postsecondary education¹² (Figure 2). This situation has led to a certain level of discouragement among young Cabo Verdeans, as

¹⁰ Cumulated student enrollment for the first and second year of secondary level. *Eléments d'analyse sectorielle de l'éducation à Cabo Verde*, UNICEF 2015.

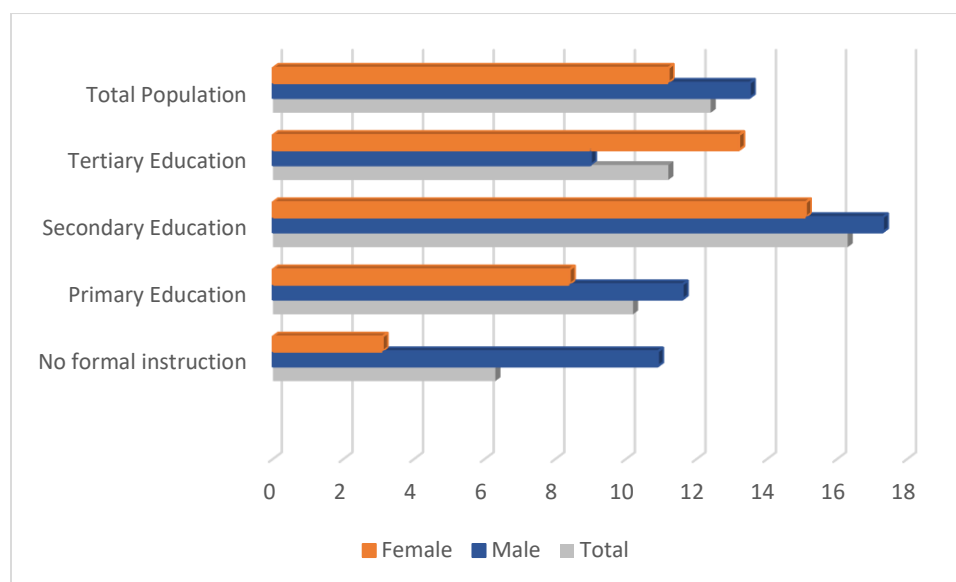
¹¹ INE, IMC 2016. *Estatísticas do emprego e mercado do Trabalho* (Cabo Verde labor market statistics for 2016, released April 2017).

¹² INE 2015.



shown by the recent results of IMC 2017; about one in three young people (31.4 percent) ages 15–24 are not in employment, education, or training. This proportion exceeds 50 percent in some regions and is more than 42 percent for girls in rural areas.

Figure 2. Unemployment Rate by Level of Education (2015)



Source: IMC 2015.

9. **There is also a gender gap, as overall unemployment rates for women (17 percent) are higher than for men (13 percent).** At the secondary education level and below, women's unemployment is lower than men's; however, it begins to rise afterward. At the tertiary level, women's unemployment is 13.2 percent versus 9 percent for men. The existing gender norms grant women almost exclusive responsibility for domestic chores, children's education, and family care, restricting their opportunities to participate in the labor market and severely reducing their agency. A time use survey conducted, in 2012, by the National Institute of Statistics (*Instituto Nacional de Estatísticas*, [INE]) showed that, on average, women spent 3.5 hours more per day than men on unpaid work. Available evidence suggests that this plays an important role in explaining many women's late entry into the labor force. Although Cabo Verde performs well on other gender indicators, it ranks only 106 on 'economic participation and opportunity for women' in the global gender gap index¹³.

10. **Youth unemployment is in part caused by a mismatch between available skills and the demands of a competitive services sector.** The inability to obtain adequately trained personnel is identified by firms as a major constraint.¹⁴ A good example can be found in the tourism sector, which accounts for approximately one-fourth of available jobs. Cabo Verde's hotel and tourism schools are unable to address all the needs of the tourism industry, including for basic hotel services such as waiting tables, housekeeping, and small repairs. These skill gaps are corroborated by Cabo Verde's low score (82 out of 141) in 'Human Resources and Labor Market' of the Travel and Tourism Competitiveness Index. In general,

¹³ World Economic Forum: The Global Gender Gap Report 2017 (<https://www.weforum.org/reports/the-global-gender-gap-report-2017>)

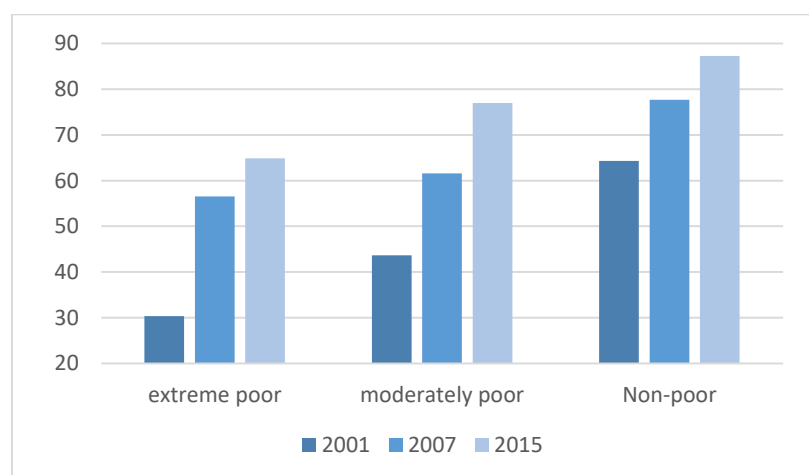
¹⁴ World Economic Forum Global Competitiveness Report 2015–2016.



weak links between education and work and the absence of apprenticeships prevent students from acquiring adequate skill sets. Higher education also has limited relevance for the labor market with the distribution of students per subject area unaligned with access to employment: 70 percent of university students enroll in Humanities and Social Sciences. As a result, unemployment among higher education graduates is high, while firms say they have difficulty finding qualified workers with the right skills.

11. **Despite the remarkable achievements in equitable access to education, financial barriers persist for the secondary level and above.** Educational attainment and secondary school enrollment have improved substantially for the poor during 2001–2015, but differences across wealth groups remain significant (Figure 3). While 87 percent of youth ages 19–24 who are non-poor have at least a secondary education, only 77 percent of the moderately poor and 64 percent of the extreme poor have a secondary education. Education costs have more than doubled during 2001–2015, for all wealth groups, and their burden on household budgets has grown according to the Household Income and Expenditure Survey (*Inquérito às Despesas e Receitas Familiares*, IDRF) 2001 and IDRF 2015 data. Costs include school fees, uniforms, materials, and transport. In particular, a main concern expressed by various stakeholders is that almost all TVET training opportunities have high costs (especially course fees) and that the population targeted to attend these vocational/professional trainings does not have sufficient funds to pay. Often students attend and complete the full course or training but then do not receive their certificate due to unpaid school/course fees.

Figure 3. Proportion of Youth Ages 19–24 with at least Secondary School (%)



Source: IDRF 2001, QUIBB¹⁵ 2007, and IDRF 2015.

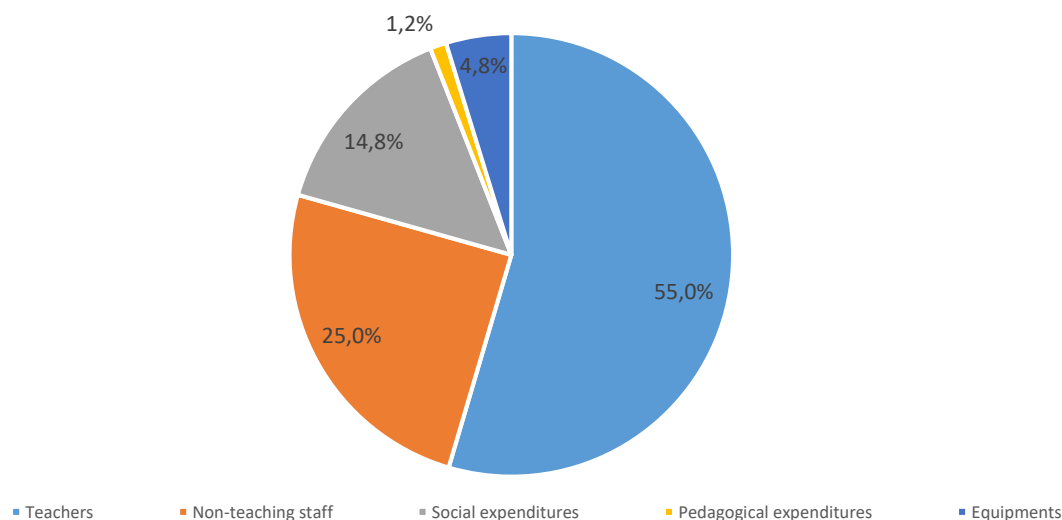
12. **Cabo Verde allocates substantial budgetary resources to education, but the education system would benefit from a better targeting of social expenditures while increasing spending on pedagogical expenditures.** Between 2007 and 2016, Cabo Verde has invested between 5.3 percent and 6.1 percent of its GDP in education. Public expenditure per student at the primary level accounts for 20.8 percent of GDP per capita, which is considered substantially high by international standards. The unit cost per student at the primary, secondary, and tertiary levels is also high compared to international benchmarks. However, at the core of the educational process, pedagogical expenditures represent only 1.2 percent and 0.1

¹⁵ *Questionário Unificado de Indicadores Básicos de Bem-Estar*: Survey on basic indicators for welfare and standards of living.



percent of the total spending at the primary and secondary levels, respectively, in 2014, while social expenditures, including school canteens, account for 14.8 percent of total expenditures at the primary level¹⁶ (Figure). Student-teacher ratios (STRs) are also well below the regional average and could be considered as favorable even by standards of the Organization for Economic Co-operation and Development: in 2012, the STRs were 22.1 and 17.9 at the primary and secondary levels, respectively, indicating that the system could potentially benefit from better management and allocation of human resources. In general, the last decade has seen a decrease in the share of investment expenditure and in increase in salaries and social programs. Management and monitoring and evaluation (M&E) are weak as suggested by the large disparities encountered between schools in terms of resources, teachers' profile, student flows, and learning outcomes. The level of feedback and accountability is also relatively low, and the collection and use of statistical data at the local level are insufficient to allow for a better guidance of the system.

Figure 4. Distribution of the Main Expenditure Items in the Total Spending at the Primary Level



Source: *Eléments d'analyse sectorielle de l'éducation à Cabo Verde*, UNICEF 2015.

Government Strategy

13. The Government's midterm vision is presented in its **Strategic Plan for Sustainable Development (*Plano Estratégico de Desenvolvimento Sustentável, PEDS*) (2017–2021)**. The PEDS states four main objectives for the country: (i) making Cabo Verde as a mid-Atlantic circulation economy, benefiting from the unique geographical position and historical links of the country in between Africa, Europe, and the Americas; (ii) ensuring economic sustainability; (iii) improving social inclusion and reducing inequalities; and (iv) strengthening sovereignty, valuing democracy, and orienting diplomacy for

¹⁶ *Eléments d'analyse sectorielle de l'éducation à Cabo Verde*, UNICEF 2015.



the challenges of the country's development. The education system is expected to contribute to those objectives through better quality of education at all levels, including through curriculum reform, the use of information and communication technology (ICT), and improved access particularly at secondary and higher education levels. In particular, the PEDS expects the education and training system to contribute to the objective of making Cabo Verde a mid-Atlantic circulation economy by producing the human resources necessary to the development of a set of seven platforms: digital, financial, touristic, investment from the diaspora, commercial and industrial, aerial, and maritime.

14. **The specific objectives for the education sector are set out in the 2017–2021 Education Strategic Plan (ESP 2017–2021).** In 2014–2015, a comprehensive Education Sector Analysis (ESA)¹⁷ was undertaken, which highlights three main issues facing the education sector: (i) the need to improve the quality of basic education given low learning outcomes, (ii) the high number of dropouts in secondary education resulting in overall high unemployment among youth in Cabo Verde; and (iii) inefficiencies in the management of the education sector. As such, the ESP 2017–2021 responds to these challenges and is built around the following three main priorities: (i) gradually increasing universal access to preschool and basic and secondary school; (ii) improving quality and relevance of education services; and (iii) improving the efficiency and management of the education sector.

15. **At the preschool education level,** the main priority is to reorganize the public sector and improve the quality of service delivery through the development of an adequate regulatory framework, the design of a new curriculum, the establishment of periodic evaluations of preschool units, and the strengthening of the social action program to support vulnerable families. This effort is supported by a Global Partnership for Education (GPE) grant¹⁸ through the US\$1.4 million Education Sector Institutional Strengthening Project, approved in May 2018, and implemented by the MoE with support from UNICEF.

16. **Within basic education, the main objective of the ESP 17–21 is to guarantee free and universal access to quality education for Grades 1 through 8.** To achieve this, the MoE has centered its basic education plan around the following four main activities: (i) improving access to basic education, especially for the most vulnerable, through social action programs; (ii) improving the school environment; (iii) improving learning outcomes through the new curriculum and revised education structure; and (iv) improving efficiency of the sector.

17. **Curriculum reform is the highest priority action to improve basic education in Cabo Verde.** The reform is based on specific challenges highlighted in the ESA, including difficulties in student learning due to the use of Portuguese as the formal language of instruction (instead of Creole, most students' native language); the fact that many students move through the system to more advanced subjects without fully mastering basic skills in literacy and mathematics (as highlighted in the 2010 Aferida results); out-of-date teaching manuals and methods, particularly in mathematics and science; the lack of a formal ongoing teacher training program; and the absence of a student assessment system to provide continuous feedback into student learning. As a result, the reform seeks a comprehensive approach to address these issues and ensure a well-functioning system is in place to facilitate the completion of basic education.

¹⁷ *Éléments d'analyse sectorielle de l'éducation à Cabo Verde*, UNICEF 2015.

¹⁸ <https://www.globalpartnership.org/country/cabo-verde>.



18. **First and foremost, the reform will include the expansion of free basic education from six to eight years.** Under the previous system, free basic education was from Grades 1 to 6, divided into three cycles of two years each. The new structure will be expanded until Grade 8 and will include two cycles of four years each (that is, Cycle 1 for Grades 1–4 and Cycle 2 for Grades 5–8, see Box 1). In the first cycle (Grades 1–4), the focus will be on acquiring basic learning skills in the areas of reading, writing, and mathematics. The second cycle of basic education (Grades 5–8) will have a broader scope with a continued focus of the basic areas of learning as well as the introduction of foreign languages (French and English), ICT, history, and geography. The extension of basic education will give students more time to develop the foundational skills. Throughout all eight years of basic education, the curriculum reform will include strengthening Portuguese as a non-maternal language, updating pedagogical approaches for both mathematics and science, and providing a more holistic approach focused on socioemotional skills to create well-rounded Cabo Verde citizens. This reform builds on international best practice to ensure that students fully master basic competencies in the foundational areas by the end of primary school to facilitate the transition to secondary education and to ensure lifelong learning.¹⁹

19. **The reform also employs strategies globally recognized for ultimately improving learning outcomes, mainly the implementation of both a formative and summative student assessment system and improving teacher training opportunities to make teachers more effective.** The integration of these three key components (development of the new curriculum and associated pedagogical materials, student assessment, and teacher training) is essential to the successful implementation of this reform. The goal of the expansion of free basic education from six to eight years and the revised curriculum is to improve learning and ultimately to reduce dropout rates. This structural reorganization and curriculum reform will pose significant challenges and will require close monitoring and technical support, to ensure that it meets the end goal of improving student learning outcomes.

¹⁹ The 2018 World Development Report (WDR) argues that learning shortfalls during the early school years in the basic areas of reading, writing, and mathematics will eventually show up as weak skills in the workforce. Recent studies have found that adult foundational skills such as literacy and numeracy are often low, let alone the more advanced skills. As a result, many workers end up in jobs that require minimal amounts of reading or math. Lack of skills reduces job quality, earnings, and labor mobility.



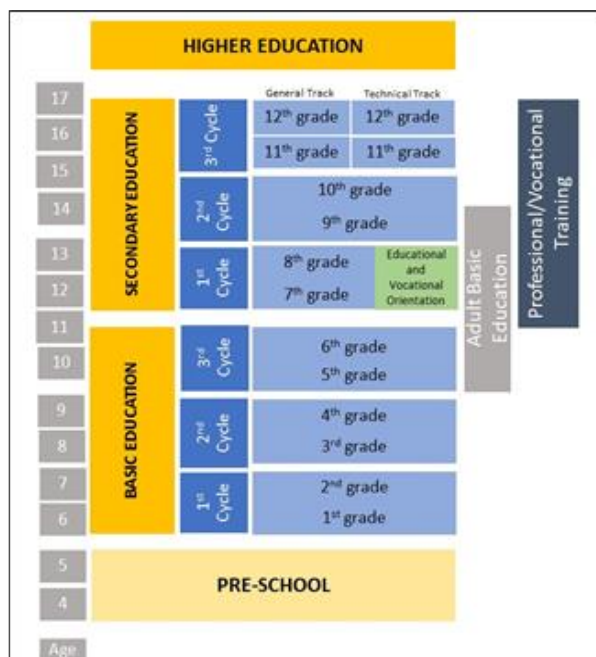
Box 1. Key Changes as Part of the Education System Reform 2017

The organization of the pre-reform education system was based on the 1990 '*Lei de Bases*', revised in 2010. A summary of the key changes between the 1990/2010 structure and the revised 2017 structure can be seen in table 4 and in figures 7 and 8.

Table 1. Structure of the Cabo Verdean Education System before and after reform

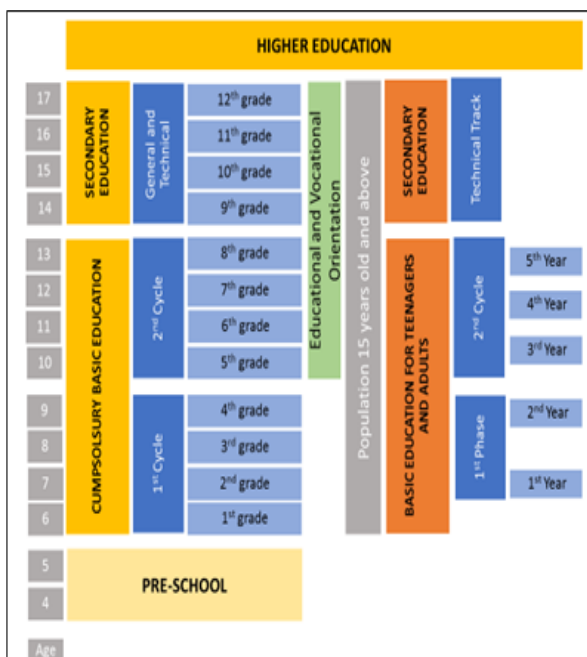
Pre-reform Structure (Based on 1990 System)	Post-reform Structure (2017/2018)
Basic Education	
Basic education of 6 years is universal and mandatory. Basic Education is made up of 6 years, organized into 3 cycles (2 years per cycle).	Basic education is universal, compulsory, and free through Grade 8 for all children, youth, and adults. Basic education is made up of 8 years, organized into 2 cycles (4 years per cycle).
Secondary Education	
Secondary education is made up of 6 years, organized into 3 cycles (2 years per cycle). The third cycle (Grades 11 and 12) offers both technical and general tracks.	Secondary education is made up of 4 years, organized into 2 cycles (2 years per cycle). Both cycles offer general and technical tracks.
Vocational/Professional Education	
Professional/vocational training is offered parallel to secondary education.	Vocational/professional training is no longer under the MoE - transferred to the MoF.

Figure 4. Organigram of Education Structure Pre-reform (1990)



Source: MoE and Authors

Figure 5. Organigram of Education Structure Post-reform (2017/2018)



20. The ESP 17–21 also places a strong emphasis on the decentralization process and a more efficient allocation of resources in basic education. The decentralization aims at providing local MoE



representatives (*delegados*)²⁰ with increased recurrent budget to cover maintenance and pedagogical expenditures as most lack sufficient budget to address local-level issues. The ESP 17–21 notes that *delegados* should be considered as key players and given more accountability to be held responsible for results. The decentralization process will need to be accompanied with well-developed capacity building and management at all levels, including at the central level.

21. **Within secondary education, the main objective of the ESP 17–21 is to increase access to relevant secondary education aligned with the economic development of the country.** To achieve this, the MoE has focused its secondary education plan around the following five main activities: (i) improve quality of secondary education with overall modernization of the system to ensure students acquire skills and competencies for lifelong success; (ii) improve learning outcomes, particularly in key subject areas (Portuguese, mathematics, sciences, and foreign languages); (iii) consolidate the secondary school system in terms of better organization between general, technical, and vocational tracks; (iv) improve links with businesses and the private sector; and (v) strengthen institutional and organizational capacity.

22. **The Government is developing a skills development strategy to support the PEDS objectives.** In December 2017, the Government created a Secretariat of State for Innovation and Vocational Training (SSIVT) under the MoF. The SSIVT's first mission was to develop a skills development strategy with a view to consolidate and better coordinate the various training programs and interventions, improve their relevance to the current and future needs of the economy, and ensure their sustainability overtime.

23. **In the short and medium terms, the Government aims to promote and facilitate access to demand-driven training programs, especially for young Cabo Verdeans from disadvantaged backgrounds.** To this end, the Government intends to restructure the Fund for Employment and Training (*Fundo de Promoção do Emprego e da Formação*, FPEF) that was established to promote skills development and has been operational since 2013. The FPEF has been designed to support vocational and technical training through loans to training providers, scholarships to needy students, and financing to small and microenterprises. However, the FPEF's scope of interventions remained limited as the loans program was not sufficiently attractive to training providers and its main source of revenue (10 percent allocation from the tourism tax) was eliminated at the end of 2016 without being replaced by a different financing source. The objective of the FPEF restructuring is to promote demand-driven training programs through stronger involvement of relevant industries, revise the scholarships program to improve access to training programs relevant to the labor market needs, and ensure financial sustainability of the fund.

24. Within this context, and to support the key priorities outlined in the ESP 17–21 and the Government's PEDS, the Government of Cabo Verde has requested support from the World Bank in addressing two of the most critical issues to the Cabo Verde education system: (i) low learning outcomes and overall quality within basic education and (ii) lack of access to training opportunities aligned with the labor market.

²⁰ The MoE has 22 regional delegations (*delegações*) covering all the municipalities (*concelhos*) of the country and headed by *delegados*.



C. Relevance to Higher Level Objectives

25. **The recently completed Cabo Verde Systematic Country Diagnostic (SCD²¹) identifies insufficient inclusive growth due to a weak asset base of human capital as a key constraint for reducing poverty and raising shared prosperity in Cabo Verde.** This is in part due to (i) poor quality of learning and high dropouts in secondary education; and (ii) a low level of and mismatch between available skills and market demands, particularly within the tourism sector. The SCD recognizes that improving human capital, by addressing these two constraints, will be of vital importance for realizing Cabo Verde's pathways for economic prosperity, sustaining poverty reduction, and tackling social exclusion.

26. **In particular, the SCD concludes that a diversified and more inclusive tourism sector will be Cabo Verde's most likely pathway to growth and poverty reduction.** It is the main source of foreign exchange earnings and directly and indirectly supports around 39 percent of total employment. Findings suggest that despite weak links to the rest of the economy, tourism has played a central role in lifting people out of poverty in past years. However, to sustain this progress and create the jobs that are urgently needed for Cabo Verde's youth, the nature, direction, and form of future planning and investment in the tourism sector needs to change and diversify. To fill these jobs, Cabo Verde needs a young population with the knowledge, education, and skills to meet the demands of the tourism sector.

27. **The proposed Education and Skills Development Enhancement Project is designed to address the key constraints mentioned above, and more broadly, the World Bank twin goals of ending extreme poverty and promoting shared prosperity** by improving the quality of basic education so that students who transition to secondary education enter with the basic foundational skills and knowledge to succeed. The project aims to achieve these aims by supporting demand-driven training programs to strengthen skill sets and increase the number of individuals ready to respond to the needs of a dynamic and growing services and tourism sector.

28. The project will provide support to two main programs of the PEDS. First, support will be provided to the 'Education of Excellence' program, which has a key objective to ensure equitable access and universal and free schooling until Grade 8. Second, the operation will support the 'Promoting decent and qualified jobs' program, which aims at improving the qualification of the labor force in connection with the strategic areas of the economy.

II. PROJECT DESCRIPTION

A. Project Development Objective

PDO Statement

29. The objective of the project is to strengthen foundational skills in education and improve the relevance of training programs to the recipient's strategic development plan.

²¹ World Bank, April 2018: Adjusting the development model to revive growth and strengthen social inclusion- Cabo Verde Systematic Country Diagnostic



30. The project will support the government basic education reform through improved quality inputs, including better adapted and modernized curriculum, better alignment of curriculum and teaching practices with expected learning outcomes and increased autonomy to local players allowing them to adjust education services to the specific needs of the served communities and children.

31. The project will support increased relevance of training programs to the needs of the Cabo Verdean economy taking into account the strategic priorities of the country and contribute, in particular, through the development of the Tourism and Digital Platforms planned under the PEDS. This would be achieved through the restructuring of the FPEF into a Skills Development Fund (SDF) to adopt a demand-driven approach involving a stronger partnership with the productive sector.

PDO Level Indicators

32. **The following PDO-level indicators will measure progress towards achievement of the PDO:**

- (a) Percentage of students who complete successfully 8 years of basic education (female)
- (b) Percentage of students who dropout at Grade 7 (female)
- (c) Beneficiaries of job-focused interventions

B. Project Components

33. **The proposed operation will build on the key priorities identified within the ESP 17–21 and the Government’s PEDS.** The proposed operation will be financed through an Investment Project Financing (IPF). The project would be supported by three components: Component 1 will finance disbursement-linked indicators (DLIs) to support activities related to the implementation of the basic education reform with a specific focus on strengthening foundational skills under the new curriculum for Grades 1 to 8; Component 2 will finance grants and scholarships to support the restructured SDF; and Component 3 will finance technical assistance (TA) to support both Components 1 and 2 and project management-related costs. More detailed information is provided in annex 2.

Component 1: Support to the Basic Education Reform (Estimated costs: US\$6.4 million)

34. **The first component will support the expansion of the basic education system from six to eight years and subsequent curriculum revision through a results-based financing approach (RBF).** Because there is a clear vision from the Government on the activities and objectives to be included, the proposed operation will include a set of DLIs under this component aligned with the key levers conducive to improving the quality of basic education. The DLIs consist of specific targets agreed with the Government and related to key priority areas, which are part of the ESP 17–21. Clear responsibilities for achieving the DLI targets will be assigned and precise verification protocols and procedures will be followed. In addition, the number and scope of DLIs included in the project will guarantee the steady flow of funds, allow the spreading of the responsibilities for achieving the targets among several MoE subdivisions and departments, and promote coordination among them. More details on disbursement arrangements and the verification protocol are provided in annex 3.

35. The MoE will use budget lines in its budget identified as Eligible Expenditure Programs (EEPs) and resources from the credit proceeds to finance the implementation of project activities under Component



1 and Subcomponent 3.1. The EEPs were selected from the MoE budget line items comprising non-procurable cost items. An annual amount of about US\$40 million is currently allocated to the EEPs. The list of indicative EEPs is as follows:

- Salaries of basic education (Grades 1 to 8) teachers;
- Salaries of the newly created student assessment unit; and
- Salaries of administrative staff in the pilot *delegados* for the implementation of the result-based management model.

36. Using a results-based approach through DLIs, the credit will finance the following key activities:

- (a) **Priority area 1: Revision of Curriculum and Pedagogical Practices.** This area will focus on the revision of the curriculum for basic education, taking into account the transition from six to eight years. In particular, it will focus on the major adjustments to the language and mathematics curriculum including (i) teaching of Portuguese as a second language, (ii) introduction of French and English languages in Grade 5, and (iii) strengthening of the overall focus on and approach to teaching mathematics. The MoE will ensure that gender-sensitive elements are included in the revised curriculum.

DLI: New teaching materials for Grades 1-8 in key subject areas developed and distributed. Teaching materials as per the new curriculum in Mathematics, Portuguese, Science, and Foreign Languages will be developed and distributed (materials include the curricular programs, study plans, manuals, teaching guides, and workbooks).

- (b) **Priority area 2: Establishing and operationalizing a Student Assessment System.** This area will support the establishment and operationalization of a student assessment system to properly accompany and monitor the education reform. This will mainly include the following tasks: (i) establishment and operationalization of a semiautonomous unit responsible for assessment, (ii) development of detailed curriculum standards (minimum competencies to be reached by pupils) to guide assessment development, (iii) training of teachers with skills in formative and summative assessment, (iv) implementation of national large-scale assessments to monitor the overall quality of learning and help inform policy making, and (v) dissemination of the results of learning assessments in schools to be used to improve teaching and learning.

DLI: National standardized learning assessment conducted and disseminated in basic education schools.

- (c) **Priority area 3: Support to basic education teachers.** There are approximately 3,200 basic education teachers throughout Cabo Verde.²² This area will focus on activities related to the development of in-service teacher training models and increasing a support system for in-field coaching and mentoring of teachers, to equip all basic education teachers with the skills to understand and successfully teach the new curriculum for basic education. In particular, it will include the development of modules for training teachers on the new curriculum and

²² *Éléments d'analyse sectorielle de l'éducation à Cabo Verde*, UNICEF 2015.



in both formative and summative assessment for teachers to properly monitor student learning based on the revised curriculum, particularly in the Portuguese and mathematics subject areas. The teacher training models will also adopt a gender-sensitive approach. For more information see annex 2.

DLI: Teachers trained in the new curriculum.

- (d) **Priority area 4: Empowering actors throughout the education system with more autonomy and responsibility.** The management of the education sector is highly centralized, despite the geographical segmentation of the country. This area will support the decentralization process and provide local level *delegados* with increased autonomy and budget to more effectively address local-level issues, including capacity building for both local and central-level staff focused on strategic management, educational planning, M&E, and administrative and pedagogical management of schools.

DLI: Results-based management system piloted in four *delegados*.

37. The project will also support (Subcomponent 3.1) the implementation and institutional capacity building within the MoE to accompany the interventions planned under the basic education reform supported by this component.

Component 2: Support to demand-based training financing schemes (Estimated costs: US\$2 million)

38. **This component will support the Government in operationalizing the SDF.** The main objective of restructuring the FPEF into the SDF is to improve the employability of young Cabo Verdeans by promoting the relevance of and improving access to skills training programs, ultimately reducing the gap between the supply and demand for skills. The project will provide funding to the SDF, for the provision of Skills Development Grants and Scholarships. A Subsidiary Agreement between the MoF and the SDF will establish the legal responsibilities of both entities.

39. **As a condition of credit effectiveness,** the Government will submit for World Bank approval, a revised Procedures Manual for the SDF. The revised Procedures Manual will also describe the measures that will be taken by the SDF to engage more women into the priority sectors, notably through scholarships. A special focus will be put on encouraging women to apply to *priority training programs* for “typical-male jobs” in order to enhance their opportunities on the labor market.

Subcomponent 2.1: Skills Development Grants (Estimated costs: US\$1 million)

40. This subcomponent will finance Skills Development Grants (Grants) to public and private training providers to cover the costs associated with the elaboration and delivery of training programs for the priority skills to be identified for two industries (tourism and ICT). The priority skills and related training programs will be developed with support from the TA provided under Subcomponent 3.2 of the project, using a competency-based approach for curricula development. The Grants will cover services, consumables and small equipment necessary for the elaboration and operation of training programs.



41. The Grants will be awarded by Sectoral Technical Committees to individual vocational and technical training or higher education institutions, or to consortia of such institutions based on their existing capacity and potential to deliver the required training programs. The selected training institutions will be given the opportunity to enter into results-based contracts by which they will commit to developing partnerships with the relevant industries, including in terms of: (i) engaging the industry in curriculum development; (ii) delivering enterprise-based training services (dual training); (iii) involving teachers with industry experience, and (iv) ensuring the participation of the industry in the trainee evaluation and graduation process.

Subcomponent 2.2: Scholarships (Estimated costs: US\$1 million)

42. This subcomponent will finance scholarships to about 2,000 young Cabo Verdeans in priority training programs. Beneficiaries will be selected based on the new criteria and procedures elaborated with support from the TA provided under Subcomponent 3.2 of the project. Although these priority training programs may not be included in the programs supported under Subcomponent 2.1 of the Project, priority will be given to these sectors.

43. The project will also support the SDF (Subcomponent 3.2), notably in the following areas: (i) strengthening the identification of skills needs in two priority industries (demand-side); (ii) promoting a training system that is responsive to the industry needs (supply-side); (iii) establishing a scholarship mechanism that is sustainable and promotes equity and employability; and (iv) developing a financing model for the skills development system that is sustainable in the medium and long terms.

44. **As a condition of disbursement of the scholarship program**, the Government will adopt a sustainable model for student financing in terms and conditions acceptable to the World Bank.

Component 3: Support to the Education and Skills Development Reforms and Project Management (Estimated costs: US\$1.6 million)

45. This component will finance TA to support activities planned under Components 1 and 2, as well as specific costs related to project management. More detailed information is provided in annex 2.

Subcomponent 3.1: Support to the education reform (Estimated costs: US\$0.5 million)

46. This subcomponent will finance TA to support the MoE in the implementation of the education reform with a specific focus on activities conducive to the achievement of the agreed DLIs. The TA will cover, *inter alia*, the following areas: (i) development of specific training modules to develop socioemotional skills for Grades 7 and 8 students; (ii) support to the reform of secondary education (Grades 9–12) curriculum; (iii) development of an in-service teacher training and professional development strategy; (iv) capacity building to the newly created assessment unit and support to the decentralization pilot; and (v) capacity building of the MoE to monitor the implementation of the school infrastructure plan.



Subcomponent 3.2: Support to the skills development sector (Estimated costs: US\$0.8 million)

47. The project will provide TA for the restructuring and operationalization of the FPEF into an SDF and support the elaboration of a skills development strategy. More specifically, this subcomponent will finance, *inter alia*, the following TA activities: (i) support to the tourism and ICT sector committees to be created under the project in identifying priority job profiles and defining related competencies profiles; (ii) support to training providers invited by the sector committees to deliver the training programs for the identified priority job profiles; (iii) design of a sustainable financing scheme for skills development; (iv) redesign of the student financing model for skills development; (v) support to the operationalization of the government leadership Bolsa Global program²³; and (vi) development of a human capital projection model.

Subcomponent 3.3: Support to Project management (Estimated costs: US\$0.3 million)

48. The project management costs to be financed by the project will include, *inter alia*, the project audit, verification of the achievement of DLIs, and contribution to the Special Project Management Unit (*Unidade de Gestão de Projectos Especiais, UGPE*) operational costs.

C. Project Beneficiaries

49. The direct project beneficiaries under Component 1 will include:

- (a) Current and future students attending primary and secondary public education institutions;
- (b) Current teachers who would benefit from improved training;
- (c) MoE staff, who would benefit from institutional capacity strengthening; and
- (d) Schools, delegations, and local communities, which would benefit from a better allocation of resources, planning, and management.

50. The direct project beneficiaries under Component 2 will include:

- (a) Students in participating vocational/training/secondary/higher institutions enrolled in the priority domains relevant to the labor market who would benefit from improved access, new/revised/accredited/innovative programs and ultimately better employability;
- (b) Participating post-basic education institutions and staff who would benefit from strengthened capacity and quality improvement measures;
- (c) Employers in the priority domains who would have access to well-trained personnel; and
- (d) Communities that would benefit from spillover benefits due to the prioritization of key

²³ Bolsa Global is a government program created in 2018 with the objective of developing leadership skills among young promising Cabo Verdean professionals. The Project will provide TA to the establishment of the program.



sectors and skills that could potentially generate new jobs throughout Cabo Verde.

D. Results Chain

51. **The education reform supported by the project is expected to yield significant returns in the medium and long terms.** By improving basic education inputs, notably the teaching force, a better alignment of curriculum and teaching practices with expected learning outcomes, the establishment of a student assessment system, and the increased autonomy to and accountability of local players, better education outcomes are expected, which in turn will translate into higher school-life expectancy. The SDF is expected to address skills gaps in key industries and improve employability of young Cabo Verdeans. The higher school-life expectancy, improved student learning, and better skills more aligned with key industry needs will in turn raise future employability and income for these students.

52. **The project's overall aims, links between the project activities, outputs, intermediate-level results, and longer-term outcomes are provided in Table 2.** The results chain delineates the channels through which the areas to be supported by the proposed project aim to contribute to the achievement of the PDO.

Table 2. Results Chain

Activities	Outputs	Project Outcome	Higher-level Objectives
Component 1: Support to the Basic Education reform			
Revision of Curriculum	New curriculum and materials for students and teachers in Grades 1–8 developed and disseminated	Students are taught using an updated and more relevant curriculum, including 21st century skills and ICT	Students complete all 8 years of basic education and are taught by skilled teachers who are empowered with the resources and data to improve student learning.
Establishing and operationalizing a Student Assessment System	National learning assessments implemented and results disseminated	Reliable data available to inform teacher practices and evidence-based reforms	
Support to Teachers	Teachers completing core professional development programs	Teachers with improved pedagogical skills and content knowledge	
Empowering actors throughout the education system with more autonomy and responsibility	Tools for decentralized management and stronger accountability developed and piloted; staff at both the local (delegation) and central levels trained in improved management practices	Improved management practices and more effective use of resources	
Component 2: Support to demand-based training financing schemes			
Skills Development Grants	Demand-driven training programs in priority areas developed and delivered	Young Cabo Verdeans graduating from certified demand-driven training	Improved labor market outcomes in terms of



Activities	Outputs	Project Outcome	Higher-level Objectives
Scholarships	Scholarships awarded to needy students in priority training programs	programs	employability and income
Component 3: Support to the Education and Skills Development Reforms and Project Management			
Support to the basic education reform	Quality inputs and improved capacity to implement the reform	Quality project outputs delivered and sustained	Country's long-term strategy (PEDS) supported with adequate education and skills development policies and programs
Support to the skills development sector	Demand-driven training programs in priority industries identified and elaborated; sustainable financing mechanism designed		
Support to project management	Timely and effective support provided to project implementation		

E. Rationale for Bank Involvement and Role of Partners

53. **The World Bank's value added is derived from its expertise in education and skills development.** The World Bank has extensive technical and operational knowledge in the areas supported by the project in the sub-region and globally and has invested significantly in both areas. The World Bank is supporting the education sector in all countries of the sub-region, including Senegal, Guinea Bissau and Sao Tome, and has developed a good knowledge of the specific challenges facing similar small islands economies through interventions in countries such as the Seychelles and Mauritius, and in the Caribbean. countries.

54. **The World Bank's experience in RBF across all educational levels is also of added value.** Under the first component, given that the ESP 17–21 has clear indicators, inputs, and outputs, the Government has expressed interest in using RBF for the project. The World Bank has considerable experience in this area and can support the Government in its political will to shift toward RBF.

55. **The proposed project is expected to complement the more specific assistance provided by a number of bilateral donors, notably the Luxembourg Agency for Development Cooperation (LuxDev) and the Portuguese Development Cooperation, and multilateral organizations, such as UNICEF and the African Development Bank (AfDB).** In particular, LuxDev is actively involved in supporting complimentary activities under Component 2. LuxDev is currently the leader of the Education-Training-Employment sector in the Cabo Verde Budget Support Group. It has played a key role in expanding access to technical and vocational schools including a program to support the development of the sector through budget support focused on the construction and equipment of several vocational institutions and the training of trainers and managers in the development of a quality system.

56. The GPE has recently approved a US\$1.4 million grant to also support the ESP 17–21. The GPE grant will support the MoE in four key areas: (i) preschool education; (ii) capacity building; (iii) student assessment; and (iv) M&E. The project preparation has benefited from a close dialogue with the GPE to ensure a coordinated effort in supporting the Government with the education reform. In particular, a



large portion of the GPE grant will be used to support student assessment activities, including the funding of national large-scale assessments in 2017 and 2018, which will also complement activities under Component 1 focusing on establishing an effective student assessment system.

F. Lessons Learned and Reflected in the Project Design

57. **After many years²⁴, this is the first education operation in Cabo Verde.** Technical and policy dialogue within the education sector was reinitiated in early 2017, and thus, the design and preparation are mostly informed from past operations in the region and from the World Bank's global experience. However, the World Bank acquired a deeper analytical understanding and knowledge base on the education system through the preparation of SABER Cabo Verde Country Report on Student Assessment (2017). The SABER-SA initiative allowed the World Bank Group to build a strong partnership with the MoE and identified policy areas that the project will address, particularly under Component 1 and activities related to student assessment. The main lessons learned used in the design of this operation concern project ownership, donor coordination, design of the Results Framework, and the use of the DLIs. Close consultation with key stakeholders and coordination with the main donors have been maintained throughout project preparation. Simplicity and alignment with government own program have been privileged while developing the results framework and DLIs matrix.

58. **Project design has benefited from the key policy recommendations of the 2018 WDR that is to: assess learning, act on evidence and align actors.** First, the Project will support the establishment of a student assessment system to ensure learning outcomes are periodically assessed and results disseminated in schools. Second, Project's interventions were designed to address simultaneously key determinants of student learning, as suggested by global and country-specific evidence: content (curriculum), teaching practices and school management. Third, the Project focuses on an agenda that supports activities endorsed by the Government, teacher unions, and civil society. In particular, the World Bank supported the MoE in the National Education Reform Consultation in November 2017, which brought about a hundred attendees consisting of teachers, administrators, teachers' unions, civil society organizations (CSOs), and academia who expressed their support and endorsement of the reform efforts which will be supported by this Project.

59. **Strong coordination mechanisms among development partners will be important throughout project implementation.** The World Bank interventions were selected to complement those of other international partners and to avoid duplicating approaches, particularly the GPE grant and LuxDev program mentioned previously. The project will be implemented in close coordination with other key donors such as UNICEF, the GPE, and LuxDev. The MoE and donors have agreed to coordinate support to the education sector through the ESP 17–21.

60. **The selection of the PDO-level and intermediate results indicators in the Results Framework is based on a realistic assessment of the time frame required to carry out project activities.** Efforts are made to retain a critical number of outcome indicators with supporting intermediate indicators to measure progress toward achieving the PDO during implementation. The annual targets and the DLI targets have been identified as conservative estimates, on the assumption that project effectiveness will commence in early 2019. Further, the DLI-based Component 1 design seeks to align interests of all parties

²⁴ The Education & Training Consolidation & Modernization (P055468) closed in 2004



around national results, while simplifying fiduciary procedures governing World Bank financing. According to experiences in countries like Jamaica, Pakistan, Peru, and Moldova, a DLI-based design will provide flexibility to the Government in the achievement of its targets.

III. IMPLEMENTATION ARRANGEMENTS

A. Institutional and Implementation Arrangements

61. Implementing entities

- The MoE and its institutions (mainly, the Directorate General of Planning, Budget and Cooperation [*Direção Geral de Planeamento, Orçamento e Gestão*, DGPOG] and the National Directorate of Education [*Direção Nacional de Educação*, DNE]) will be responsible for implementation of activities under Component 1 related to supporting the ESP and the reform efforts. The MoE will also have the technical responsibility for TA activities under Subcomponent 3.1.
- The SDF will be responsible for the management of the grants and scholarships programs, including the selection of training providers and scholars, and the monitoring of the grants and scholarships, under Component 2. The UGPE will remain responsible for the management of the funds allocated to Component 2.
- The SSIVT, mainly through the General Directorate of Employment, Vocational Training, and Professional Internships (*Direção Geral do Emprego, Formação Profissional e Estágios Profissionais*, DGEFPEP) will be responsible for implementation of TA activities under Subcomponent 3.2.

62. **The overall coordination of project implementation and the fiduciary aspects of the project will be the responsibility of the UGPE.** The UGPE is the management unit, under the MoF, in charge of all World Bank projects and is familiar with the Bank fiduciary procedures and its overall procurement and financial management (FM) performance is satisfactory. The UGPE will be in charge of all fiduciary aspects of the project and will appoint a project manager who will be responsible for providing training and support to the project implementing entities (MoE, SDF, and DGEFPEP), especially in the areas of procurement, project management, and M&E, as needed. The project manager will also be responsible for consolidating input from these entities to prepare semiannual progress reports and streamlining communication with the World Bank. The project manager will work closely with the UGPE fiduciary staff and the UGPE Coordinator.

B. Results Monitoring and Evaluation Arrangements

63. **The UGPE will be in charge of overall M&E activities, with inputs from each of the units carrying out activities under the project.** It will send biannual progress reports to the World Bank, including progress toward achievement of targets in the Results Framework and Monitoring (Section VII). Reports will also include information about any grievances received and actions taken in relation to grievances.



64. **Under Component 1, M&E is built into the design of the project as intermediate indicators are used as DLIs.** Government information systems will be used to monitor progress in achievement of outputs and outcomes. Since disbursement under the DLIs would require the MoE to present unequivocal evidence of the achievement of the Disbursement-Linked Results (DLRs), information to evaluate such achievement is expected to be provided on time and comprehensively. Verification of the achievement of DLIs will be undertaken by using, to the fullest extent possible, existing government systems for oversight and monitoring, paired with an independent verification agency (IVA). The verification protocols vary according to the nature of the DLI, and include the review of administrative documents and data, consultations with beneficiaries, and spot checks to schools or other MoE entities, among others, as described in the verification protocols in table 3.2, annex 3.

65. **The SDF will be responsible for reporting under Component 2.** Detailed information on the project's PDO-level and intermediate results indicators can be found in the Results Framework and Monitoring (section VII).

66. **The MoE/DGPOG and SSIVT/DGEFPEP will be responsible for reporting on TA activities planned under Subcomponents 3.1 and 3.2, respectively, as part of the biannual project implementation progress report.**

67. **The World Bank will conduct semi-annual implementation support missions to review progress on the achievement of the project's development objectives (PDO) and outcomes.** FM reviews will be conducted four times a year.

C. Sustainability

68. **The proposed project is anchored in the Government's objective of tackling the challenges faced by the Cabo Verdean education and skills development systems.** This is shown by the activities included in the ESP 17–21 and the Government's focus on decreasing the skills gap in the PEDS, on which the project interventions are based. The endorsement of the ESP 17–21 and the PEDS by all major actors in the system reduces the risk of future policy changes. Finally, all programs and activities supported by the project are fully funded in the Government's regular budget, ensuring fiscal sustainability.

69. **In particular, under Component 1, reforms to the education system have been long awaited and is supported by key stakeholders including major teachers' unions.** The MoE held wide consultations before designing the reform agenda, as described above. The participative approach and the broad dissemination and endorsement of the reform objectives and interventions should support the overall sustainability of the reforms.

70. **In addition, Component 1 is DLI-based, indicating that the project is directly being implemented as part of the overall Government system and reforms.** The RBF mechanism rewards the MoE for achieving key results related to its objectives, and supports the achievement of medium-term goals and their sustainability. This approach will enhance the impact of the World Bank's financial and technical support and increase the overall results orientation of the MoE's strategy. The DLIs will be a critical tool for shifting the policy dialogue toward results.



71. **There is a risk that there will be insufficient government funding to sustain and expand skills development grants and scholarships to be supported under Component 2.** The Government and development partners are likely to be interested to provide additional funding if the two programs show positive results as, expected. This risk will also be mitigated through the support planned under Component 3, which will help the Government design a sustainable financing model for skills development.

IV. PROJECT APPRAISAL SUMMARY

A. Economic and Financial Analysis

72. The basic education reform supported by the proposed project is estimated to yield significant returns in the medium and long term. By improving basic education inputs, notably school infrastructure and teachers knowledge, ensuring a better alignment of curriculum and teaching practices with expected learning outcomes, and increased autonomy of local players, better education outcomes are expected. The improved education outcomes will translate into higher school-life expectancy and improved student learning, which in turn is likely to increase the probability of future employability and increased wages for these students. It is also expected that the programs to be supported by the SDF will result in higher employability and future income for young women and men who benefit from those programs.

73. **High economic and social benefits to schooling underpin the rationale for project investment.** The economic returns of education as an investment in human capital have been well established, with returns to schooling at about 10 percent per year of schooling on average globally²⁵. In the case of Cabo Verde, average private returns to education have been estimated at 9.3 percent for the employed according to the 2014-15 ESA²⁶ using IMC 2013 survey data. Investment in education is economically and socially profitable in Cabo Verde. Indeed, the data show that the prevalence of poverty declines significantly with an improvement in level of education: compared to a national average of 35.2 percent in 2015, less than 1 in 50 households (1.8 percent) is likely to experience poverty if the head of household has a level above secondary school, while this proportion exceeds 48 percent and 42 percent, respectively, for households whose head is illiterate or has completed primary education.

74. **An economic and financial analysis (EFA) was conducted to estimate the project's potential future benefits (see annex 4).** Three types of benefits are expected to be generated through project interventions: (i) improved efficiency of public expenditure as a result of the reduction in the cost of repetition and a better completion of the basic and secondary cycles; (ii) improved productivity and economic contribution of school leavers owing to longer school-life expectancy, which can be measured by the improvement of income levels; and (iii) ultimately, improved productivity of the beneficiaries of the SDF. The EFA found an expected total benefit of about CVE 1.9 billion (US\$20 million) per year over 2024–2035. The reduction of repetition, in particular by extending the duration of basic education to eight years, will result in an overall saving of CVE 676 million for all basic and secondary education. On the other hand, the reduction in dropouts will improve the average qualification and income levels of school leavers. The economic advantage of the productivity differential is estimated through the differences in the

²⁵ See, for example, Montenegro, C. E., & Patrinos, H. A. (2014). *Comparable Estimates of Returns to Schooling around the World*. World Bank Policy Research Paper. Washington, DC.

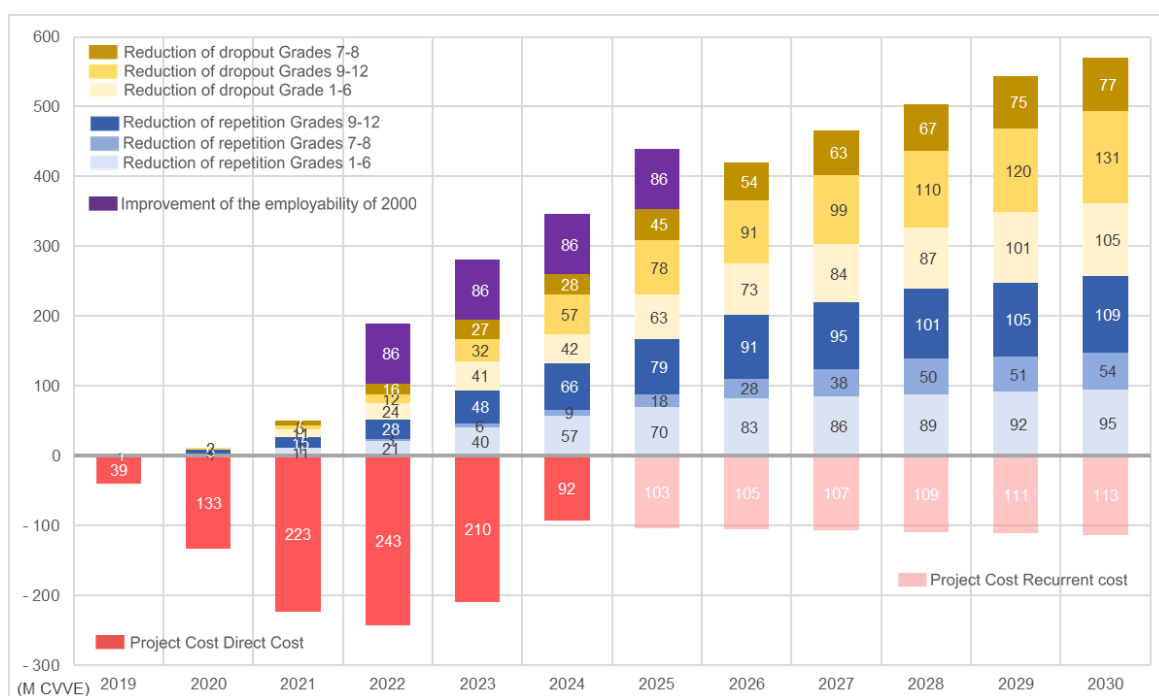
²⁶ *Éléments d'analyse sectorielle de l'éducation à Cabo Verde*, UNICEF 2015



earnings of school leavers who, through the reduction of dropouts, improve their number of years of schooling. The overall benefit for the basic and secondary cycles following the reduction in the dropout rate and subsequent increase in future wages is estimated at an annual average of CVE 538 million. In addition, the 2,000 expected beneficiaries of the SDF will experience both a reduction in their unemployment rate and an improvement in their potential income. The economic benefit associated with the SDF component is estimated at CVE 689 million.

75. The project's internal rate of return (IRR) is calculated on the basis of project direct costs (CVE 940 billion) and estimated recurrent costs, on the one hand, and the expected benefits, on the other hand. Recurrent costs include the operation of the new evaluation system and the continuation of the training program (CVE 113 billion in annual average). The project is estimated to generate a relatively high IRR of about 40 percent during 2019–2035. Figure 6 shows the evolution of the cost-benefit stream of the project for 2019–2030.

Figure 6. Evolution of the Cost-benefit Flow of the Project (2019–2030)



Source: Authors calculation based on MoE and MoF data.

B. Fiduciary

(a) Financial Management

76. The FM arrangements will be based on the existing arrangements under the UGPE, which has the overall fiduciary responsibility of all World Bank-financed projects. UGPE FM capacity has been developed under the ongoing projects and is adequate to meet the World Bank minimum requirements under the World Bank Policy and Directive on IPF effective in 2017. The UGPE currently includes an



experienced FM specialist and two accountants, who are familiar with World Bank fiduciary procedures. The overall performance of the ongoing projects managed by the UGPE is satisfactory. Staffing has remained adequate, and proper books of accounts and supporting documents have been filed for all expenditures. The interim unaudited financial reports (IFRs) for the ongoing project are also submitted on time and are acceptable to the World Bank, as well as the audited financial statements. Therefore, the overall FM risk is rated Moderate.

77. **The adoption of the Project Implementation Manual (PIM), satisfactory to IDA, will be a condition of credit effectiveness.** The PIM will detail the FM and disbursement procedures, including the adequate segregation of duties, detailed procedures for requesting and reporting on the RBF (Component 1).

78. **The adoption of the SDF Operational Manual, satisfactory to IDA, will also be a condition for credit effectiveness.** The Procedures Manual and the PIM will describe the eligibility, selection criteria, and flow of funds related to the skills development grants and scholarships.

79. **The following measures should also be taken three months after effectiveness:** (i) the customization of the existing accounting software to include the bookkeeping of the project and generation of IFRs and financial statements, (ii) the appointment of an additional accountant, and (iii) the signature of an agreement with the General Inspectorate of Finance (*Inspecção Geral das Finanças*, IGF) to conduct the verification of DLIs.

(b) Procurement

80. **Procurement under this project will be carried out in accordance with the World Bank's "Procurement Regulations for IPF Borrowers"** (Procurement Regulations) dated July 2016 and revised in November 2017 under the "New Procurement Framework (NPF)", and the "Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants", dated July 1, 2016.

81. **Component 1 will be disbursed on the basis of the achievement of DLIs et verification of EEPs, which will only consist of non-procurable items.** However, the MoE, may have to conduct procurement activities (such as small consultant contracts) to achieve the DLIs. If these contracts are financed by the Government, the MoE will use national procurement procedures.

82. **Component 2 will provide grants to selected public and private training centers to design and deliver training programs.** The estimated average grant allocation per training provider will be between US\$150.000 and US\$200.000. To design and deliver the training programs, the selected training providers may need to: (i) contract experts, who would be consultants/specialists or university professors; and (ii) buy some equipment and consumables. Such procurement will follow simplified procurement methods, as detailed in the PIM.

83. **All procurement activities financed by the credit are under Component 3 and shall be carried out by the UGPE.** The list of these key activities is included in the Project Procurement Strategy for Development (PPSD), which will be agreed upon during credit negotiations. The MOE, the SDF and the SSIVT, technically responsible for the implementation of Subcomponent 3.1 and 3.2 will work in close



collaboration with the UGPE in general, and the Project Manager in particular so that activities are implemented in a timely manner. These contracts will include technical assistance to the MoE, the SDF, and the SSIVT. The UGPE has implemented several projects since its establishment in 1999, has significant experience with World Bank procurement procedures and its performance is satisfactory. In addition, the UGPE is currently implementing several projects under the new Procurement Regulations, and is staffed with two qualified procurements specialists. However, the Project will increase the workload of these staff, which may have a negative impact on the efficiency and efficacy of the procurement processes and hence cause project implementation delays. The following measures are proposed to mitigate these risks: (i) recruitment of an additional Procurement Specialist at the UGPE; (ii) update of the provisions in the existing PIMs to include the new World Bank procurement regulations; and (iii) establishment and maintenance of an acceptable procurement filing system throughout the life of the project.

84. The PPSD prepared by the Borrower describes how procurement activities will support project operations. The PPSD is linked to the project implementation schedule, and will help ensure proper sequencing of project activities. The PPSD covers procurement institutional arrangements, including roles and responsibilities, procurement methods, thresholds, and prior review arrangements. It also includes a detailed description and assessment of the implementing entities capacity for carrying out procurement and managing contracts within an acceptable governance structure and accountability framework. The procurement arrangements described above are based on the weaknesses and mitigation measures explained in the PPSD.

C. Safeguards

(a) Environmental Safeguards

85. No environmental safeguards policies are triggered and the project is classified as Category C. The proposed activities financed under the project do not involve any physical works, civil works, or rehabilitation, and hence have limited interaction with the physical environment. The Government's institutional capacity for safeguards is considered adequate given the environmental risks to be managed under this operation.

(b) Social Safeguards

86. The proposed activities of the project are expected to generate primarily positive social impacts. The project is committed to an inclusive approach. It will be important to adopt a gender-sensitive approach, particularly with regards to policies and activities related to teachers, to enhance opportunities for women. No significant social risks can be ascertained at this point and Category C is also confirmed from the social safeguards perspective.

87. The project is also committed to actively engaging citizens in a number of key activities. Building on existing mechanisms at the secondary school level, it is proposed to establish a platform to allow parents and other stakeholders periodic feedback on learning quality, including teacher performance. Such a mobile or web-based platform will be implemented on a pilot basis as part of the decentralization of responsibilities to four *delegados*. At the same time, data from the platform can feed into the national-level assessment of the overall quality of learning. To ensure a fit-for-purpose platform, a suitable 'back office' system needs to be put in place to collect, analyze, and distribute feedback data.



(c) **Grievance Redress Mechanisms**

88. **Communities and individuals who believe that they are adversely affected by a World Bank supported project may submit complaints to existing project-level grievance redress mechanisms or the WB's Grievance Redress Service (GRS).** The GRS ensures that complaints received are promptly reviewed in order to address project-related concerns. Project affected communities and individuals may submit their complaint to the WB's independent Inspection Panel which determines whether harm occurred, or could occur, as a result of WB non-compliance with its policies and procedures. Complaints may be submitted at any time after concerns have been brought directly to the World Bank's attention, and Bank Management has been given an opportunity to respond. For information on how to submit complaints to the World Bank's corporate Grievance Redress Service (GRS), please visit <http://www.worldbank.org/en/projects-operations/products-and-services/grievance-redress-service>. For information on how to submit complaints to the World Bank Inspection Panel, please visit www.inspectionpanel.org.

89. **Treatment of complaints mechanism.** A grievance redress mechanism (GRM) for receiving and treating complaints will be established and centralized within UGPE. As indicator of transparency and citizen engagement (included in the Results Framework), the UGPE will commit to treat at least 90% of the complaints received every year. The MoE and SDF will be responsible for assessing the complaints and preparing the appropriate responses in order to address the identified grievance. The mechanism will be detailed in the PIM.

V. KEY RISKS

90. **The overall risk of the project is rated Moderate.** The assessment is based on several considerations:

- (a) **Political and governance risk is rated Moderate.** The current government has been in place since 2016 and has been recently reinforced by the nomination of a Secretary of State of Education. The vocational training sub-sector, which was under the direction of the Ministry of Economy, was moved in early 2018 to the SSIVT, which is under the Ministry of Finance. This is expected to facilitate the organization of the sub-sector and coordination with other stakeholders, to be supported by the proposed operation. Cabo Verde is also known for its good performance on key governance indicators, including transparency, participation, and control of corruption. However, Cabo Verde is not performing well on government effectiveness and appears relatively weak in designing and implementing required reforms. The project will address this dimension through a strong TA component to accompany the Government in the implementation of the reforms and programs supported by the project.
- (a) **Macroeconomic risk is rated Substantial.** Economic growth is weak and highly susceptible to shocks. High public debt limits the Government's fiscal space which may affect the availability of resources to support the planned reforms. The use of RBF (DLIs) should help in ensuring that the Government gives priority to the interventions that are most conducive to achieving the PDOs.



- (b) **Sector strategies and policies risk is rated Moderate.** The proposed operation supports key priorities of the ESP 17–21, which is fully in line with the Government’s PEDS. The ESP 17–21 sets a coherent and comprehensive set of measures aimed at addressing the main sector challenges identified in the 2014–2015 ESA under basic and secondary education. The country is also developing a strategy for employment, skills development, and innovation which the project will support through Sub-component 3.2.
- (c) **The risk related to the technical design of the project is rated Moderate.** The main challenge is related to the sequencing of activities planned under Components 2 and 3 as activities under Subcomponents 2.1 and 2.2 will depend on the outcomes of Subcomponent 3.2. These risks are mitigated through incentives to the adoption of the SDF Procedures Manual (Effectiveness condition) and of the new scholarship model (Disbursement condition.)
- (d) **Institutional capacity for implementation and sustainability risk is rated Moderate.** The MoE DGPOG and DNE, which will be responsible for the implementation of Component 1 have adequate staff with experience in project management, as well as in implementing TA similar to the one supported under Subcomponent 3.1. The FPEF has adequate staff and experience in the management of grants and scholarships to be provided under Component 2. The FPEF staff are expected to remain in place once the Fund has been restructured into the SDF. The DGEFPEP, which has limited capacity, will be supported by the UGPE in the implementation of the TA planned under Subcomponent 3.2. The UGPE is familiar with World Bank fiduciary procedures and its overall FM and procurement performance is satisfactory. The UGPE has adequate staffing and capacity.
- (e) **Fiduciary risks are also rated Substantial.** All FM and procurement for the project will be handled by the UGPE, which is located within the MoF. As mentioned earlier, this unit has significant experience with World Bank procedures and its current performance is considered satisfactory. However, procurement risk is rated **Substantial**, due to the SDF and DGEPEP limited capacity and related possible delays in project implementation. This risk is expected to become **Moderate** once the following mitigation measures are implemented: (i) recruitment of an additional Procurement Specialist; (ii) update of the existing PIM to include the new provisions of the World Bank procurement regulations; and (iii) maintaining an acceptable procurement filing system throughout project implementation.
- (f) **Risks relating to environmental and social safeguards are rated Low.** The proposed activities are expected to have very limited impact on the environment, and the environmental risk is therefore considered to be low. Furthermore, the proposed activities of the project are expected to primarily generate positive social impacts, including for vulnerable groups such as the disabled.
- (g) **Stakeholders risk is rated Moderate.** Under Component 1, the education reform is supported by key stakeholders, including major teacher unions. As mentioned earlier, the MoE held wide consultations before the design of the reform. The participative approach and the broad dissemination of the reform objectives and interventions should minimize the risk of pushback, notably by teachers. Under Component 2, one potential risk could be the



reluctance of the private sector to engage actively in the planned interventions. This risk will be mitigated by continuing to reach out to private sector organizations, such as the Chamber of Commerce, as key partners on policy design to better align the education and training programs with the future needs of the economy, as was done throughout the design and preparation of the project.



VI. RESULTS FRAMEWORK AND MONITORING

Results Framework

COUNTRY: Cabo Verde

Cabo Verde Education and Skills development Enhancement Project

Project Development Objectives(s)

The Project Development Objective is to strengthen foundational skills in education and improve the relevance of training programs to the recipient's strategic development plan.

Project Development Objective Indicators

Indicator Name	DLI	Baseline	Intermediate Targets			End Target
		2019	1	2	3	2023
Strengthening foundational skills						
Percentage of students who complete successfully 8 years of basic education (Percentage)		76.20	77.50	79.20	80.80	82.50
Percentage of students who complete successfully grade 8 of basic education (female) (Percentage)		81.20	82.20	83.10	84.10	85.00
Percentage of students who dropout at grade 7 (Percentage)		6.70	6.30	5.80	5.30	4.80
Percentage of students who		5.90	5.50	5.00	4.50	4.00



Indicator Name	DLI	Baseline 2019	Intermediate Targets			End Target 2023
			1	2	3	
dropout at grade 7 (female) (Percentage)						
Improving the relevance of training programs						
Beneficiaries of job-focused interventions (CRI, Number)		0.00	300.00	900.00		1,500.00
Beneficiaries of job-focused interventions - Female (CRI, Number)		0.00	150.00	450.00		750.00

Intermediate Results Indicators by Components

Indicator Name	DLI	Baseline	Intermediate Targets			End Target
		2019	1	2	3	2023
Support to the Basic Education Reform						
Teaching materials for Grades 1-8 in key subject areas developed and distributed (Text)	DLI 1	New teaching and learning material for grades 1 and 5 available in the 22 delegations	New teaching and learning material for grades 2 and 6 available in the 22 delegations	New teaching and learning material for grades 3 and 7 available in the 22 delegations	New teaching and learning material for grades 4 and 8 available in the 22 delegations	New teaching and learning material for grades 1 to 8 available in the 22 delegations
National standardized learning assessment conducted in basic education schools (Text)	DLI 2	No Student assessment system in place	Establishment and operationalization of a student assessment unit	Basic education schools receive detailed reports of learning assessments and guidelines for their use to improve teaching and learning		Student assessment system established and operationalized
Teachers recruited or trained (CRI, Number)	DLI 3	0.00	450.00	1,350.00	2,250.00	3,150.00
Teachers recruited or trained -		0.00	225.00	675.00	1,125.00	1,575.00



Indicator Name	DLI	Baseline 2019	Intermediate Targets			End Target 2023
			1	2	3	
Female (RMS requirement) (CRI, Number)						
Results-based management system piloted in 4 delegations (Text)	DLI 4	No Results-based management system	Design of instruments for results-based management and capacity building implemented in 4 delegations	Allocation and management of budget in 4 delegation based on pilot design		Results-based management system piloted and evaluated in 4 delegations
Skills Development Fund						
Skills Development Fund established (Text)		FPEF not restructured	By Laws and Operational manual of FPEF revised	At least 5 training providers contracted	Sustainable financing mechanism designed	Skills development Fund established and operational
Percentage of SDF graduates employed 6 months after graduation (Percentage)		0.00	60.00			70.00
Students benefiting from direct interventions to enhance learning (CRI, Number)		0.00	500.00	1,500.00		2,000.00
Students benefiting from direct interventions to enhance learning - Female (CRI, Number)		0.00	250.00	750.00		1,000.00

Monitoring & Evaluation Plan: PDO Indicators

Indicator Name	Definition/Description	Frequency	Datasource	Methodology for Data Collection	Responsibility for Data Collection
Percentage of students who complete successfully 8 years of basic education		Annual	Ministry of Education school	Administrative data (EMIS)	Ministry of Education (DGPOG)



			census		
Percentage of students who complete successfully grade 8 of basic education (female)		Annual	Ministry of Education school census	Administrative data (EMIS)	Ministry of Education (DGPOG)
Percentage of students who dropout at grade 7		Annual	Ministry of Education School Census	Administrative data (EMIS)	Ministry of Education (DGPOG)
Percentage of students who dropout at grade 7 (female)		Annual	Ministry of Education school census	Administrative data (EMIS)	Ministry of Education (DGPOG)
Beneficiaries of job-focused interventions		Annual	Skills Development Fund (SDF)	This indicators measures the cumulative number of graduates from demand-driven and certified (by SNQ) training programs funded by the Skills Development Fund (SDF) restructured with support from the Project. The SDF to collect data from training providers and consolidate in semi-	Skills Development Fund and UGPE



				annual reports	
Beneficiaries of job-focused interventions - Female		Annual	Skills Development Fund (SDF)	This indicator measures the cumulative number of graduates (female) from demand-driven and certified (by SNQ) training programs funded by the Skills Development Fund to be restructured with support from the Project . The SDF to collect data from training providers and consolidate in semi-annual reports	

Monitoring & Evaluation Plan: Intermediate Results Indicators

Indicator Name	Definition/Description	Frequency	Datasource	Methodology for Data Collection	Responsibility for Data Collection
Teaching materials for Grades 1-8 in key subject areas developed and distributed		Annual	MoE and UGPE reports confirmed by the Verification Agent	Self reporting	UGPE



National standardized learning assessment conducted in basic education schools		Annual	UGPE monitoring reports	DLI to be determined according to the verification protocol	UGPE
Teachers recruited or trained		Annual. This indicator will measure progress in the implementation of the teachers training on the new curriculum plan. This plan includes training of grades 1-5 teachers in 2019; grades 2-6 teachers in 2020; grades 3-7 teachers in 2021 and grades 4-8 teachers in	UGPE monitoring reports	DLI to be determined through agreed verification protocol	UGPE



		2022			
Teachers recruited or trained - Female (RMS requirement)		Annual. This indicator will measure progress in the implementation of the teachers training on the new curriculum plan. This plan includes training of grades 1-5 teachers in 2019; grades 2-6 teachers in 2020; grades 3-7 teachers in 2021 and grades 4-8 teachers in 2022. This sub-	UGPE monitoring reports	DLI to be determined according to the verification protocol	UGPE



		indicator measures the number of female teachers who benefited from the training program.			
Results-based management system piloted in 4 delegations		Annual	UGPE monitoring reports	Self reporting	DLI to be determined according to agreed verification protocol
Skills Development Fund established		Annual	UGPE monitoring reports	Qualitative information to be provided by UGPE and substantiated with associated documentation	UGPE
Percentage of SDF graduates employed 6 months after graduation		Annual (starting 2021)	UGPE/SDF	Tracer studies will be embedded in the results-based contracts to be signed with training providers to benefit from the first program (Support to training institution) of the SDF. Results from such tracer studies will	UGPE/SDF



				be consolidated by the SDF M&E unit and incorporated in the UGPE monitoring report.	
Students benefiting from direct interventions to enhance learning		Annual	UGPE/SDF	This indicator measures the cumulative number of students benefiting from the revised scholarships. Information will be collected from SDF scholarships records to be confronted with UGPE financial reports.	UGPE/SDF
Students benefiting from direct interventions to enhance learning - Female		Annual	UGPE/SDF	This indicator measures the cumulative number of female students benefiting from the revised scholarships. Data will be collected from the SDF scholarships record to be confronted with the UGPE financial reports.	UGPE/SDF



Disbursement Linked Indicators Matrix

DLI 1	New teaching materials for Grades 1–8 in key subject areas developed and distributed			
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Intermediate Outcome	Yes	Text	2,400,000.00	24.00
Period	Value		Allocated Amount (USD)	Formula
Baseline	Grades 1,5 material developed and distributed			
2019	Grades 2,6 material developed and distributed		1,000,000.00	US\$45,000 per delegation; US\$55,000 for last delegation
2020	Grades 3,7 material developed and distributed		700,000.00	US\$31,500 per delegation; US\$38,500 for last delegation
2021	Grades 4,8 material developed and distributed		700,000.00	US\$31,500 per delegation; US\$38,500 for last delegation
2022			0.00	
DLI 2	National standardized learning assessment conducted in basic education schools			
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Intermediate Outcome	No	Text	1,500,000.00	15.00
Period	Value		Allocated Amount (USD)	Formula
Baseline	No Student assessment system in place			
2019	Operationalization of student assessment unit within the MoE		500,000.00	US\$0.5 million disbursed upon achievement of DLI value in fu



2020			0.00	
2021	Schools receive detailed report on results of learning assessments and guidelines for their use to improve teaching and learning		1,000,000.00	US\$1 million disbursed upon achievement of DLI value in full
2022			0.00	
DLI 3	Teachers recruited or trained			
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Intermediate Outcome	Yes	Number	1,500,000.00	15.00
Period	Value		Allocated Amount (USD)	Formula
Baseline	0.00			
2019	450.00		300,000.00	Number of Grades 1 and 5 teachers trained/450)*300,000
2020	1,350.00		400,000.00	Number of Grades 2 and 6 teachers trained/900)*400,000
2021	2,250.00		400,000.00	(Number of Grades 3 and 7 teachers trained/900)*400,000
2022	3,150.00		400,000.00	(Number of Grades 4 and 8 teachers trained/900)*400,000



DLI 4	Results-based management system piloted in 4 delegations			
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Intermediate Outcome	No	Text	1,000,000.00	10.00
Period	Value		Allocated Amount (USD)	Formula
Baseline	No Results-based management system			
2019	Design of instruments for results-based management and capacity building implemented in four delegations		250,000.00	US\$0.25 million disbursed upon achievement of DLI value in f
2020	Allocation of budget in four delegations based on pilot design		500,000.00	US\$0.5 million disbursed upon achievement of DLI value in fu
2021			0.00	
2022	Evaluation of pilot report written and shared		250,000.00	US\$0.25 million disbursed upon achievement of DLI value in f

Verification Protocol Table: Disbursement Linked Indicators

DLI 1	New teaching materials for Grades 1–8 in key subject areas developed and distributed
Description	The MoE (under leadership of the DNE) will develop the following materials to support the new curriculum: (a) Curricular Programs (Programas Curriculares), (b) study plans (Planos de Estudo), (c) manuals (Manuais) and teaching guides (Guias) for teachers, and (d) workbooks (Cadernos de exercício). These materials will be developed in the key subject areas which include mathematics, Portuguese, Science, and Foreign Languages (English and French) starting in Grade 5. Rollout of the development of these materials will take place in a phased manner and the DLIs will accompany this rollout so that in year 1



	of the project materials for Grades 2 and 6 will be developed and distributed, in year 2 materials for Grades 3 and 7 will be developed and distributed, and in year 3 materials for Grades 4 and 8 will be distributed. (Grades 1 and 5 will be developed and distributed before the start of the project.) Distributed means that all the above listed materials will be available at the 22 delegations of Cabo Verde.
Data source/ Agency	UGPE
Verification Entity	IGF
Procedure	The Independent Verification Agency (IVA) will verify with the MoE that all 22 delegations have received the new curriculum documents for the relevant grades
DLI 2	National standardized learning assessment conducted in basic education schools
Description	
Data source/ Agency	UGPE
Verification Entity	IGF
Procedure	<p>For DLR 2.1 (2019): The IVA (IGF) will verify that (a) the revised legal texts related to the MoE organigram include the establishment of the evaluation unit, (b) ToRs for the evaluation unit and work program have been adopted by the MoE and validated by the World Bank, (c) a budget has been allocated to the evaluation unit for 2019, and (d) key staff of the evaluation unit have been appointed.</p> <p>For DLR 2.2 (2021): The IVA (IGF) will review the results report containing the analysis of the results. The IVA will also verify with the MoE, and through spot checks in a sample of schools (as agreed with MoE and the World Bank), that results are disseminated to all basic education schools and that schools have received guidelines on the use of the assessment results to improve teaching and learning.</p>
DLI 3	Teachers recruited or trained
Description	



Data source/ Agency	UGPE
Verification Entity	IGF
Procedure	<p>The IVA (IGF) will review the professional development program for the new curriculum and ensure that it clearly identifies the scope, content, delivery methods, and outcomes. The scope of the programs will be agreed upon with the MoE and the World Bank. The IVA will verify the number of teachers trained on the new curriculum through the evaluation reports prepared by the delegations at the end of training sessions and consolidated by the DNE. The IVA will also verify with the MoE and through spot checks in a sample of schools (as agreed with the MoE and the World Bank) that teachers of relevant grades in all basic education schools have been trained in the new curriculum</p>
DLI 4	Results-based management system piloted in 4 delegations
Description	
Data source/ Agency	UGPE
Verification Entity	IGF
Procedure	<p>For DLR 4.1 The IVA (IGF) will verify that the RBM pilot has been designed and is ready to be implemented: (a) a report, including description of the pilot, implementation plan, and related costs have been produced; (b) instruments for pilot implementation, including an operational manual, template for performance contracts with delegations and school development plans have been produced; and (c) the four delegations and related schools have been identified and their relevant staff trained.</p> <p>For DLR 4.2 The IVA (IGF) will verify that (a) performance contracts and school performance plans have been signed and (b) corresponding budget has been allocated to the four pilots delegations and related schools.</p> <p>For DLR 4.3 The IVA (IGF) will verify that an evaluation of the RBM has been conducted by the MoE and results have been disseminated and will review the related report.</p>



ANNEX 1: Implementation Arrangements and Support Plan

Cabo Verde Education and Skills Development Enhancement Project

A. Project Institutional and Implementation Arrangements

1. The project will be implemented by four main entities:

- (a) **The MoE** will be responsible for the implementation of activities related to the basic education reform and for the achievement of the results and corresponding DLIs (Component 1). The MoE will also have the technical responsibility of TA activities planned under Subcomponent 3.1, which will include *inter alia* drafting Terms of References (ToRs), participating in procurement evaluation committees, collaborating with consultants, and validating deliverables. Within the MoE, the DGPOG, and DNE will be the key units in charge of planning, implementing, monitoring, and evaluating project-related activities. DGPOG will be the focal unit in charge of reporting and liaising with the UGPE and the World Bank. DGPOG will be responsible for (i) reporting on DLIs and activities under Component 1, and on activities supported under Subcomponent 3.1; and (ii) informing PDO and intermediate-level indicators related to Component 1. A coordinator will be appointed within the DGPOG to be the main focal point for communication with the UGPE and the World Bank.
- (b) **The SDF** will be responsible for the management of grants and scholarships under Component 2. More specifically, the SDF will be in charge of: (i) contracting training providers who are awarded skills development grants under Subcomponent 2.1, supervising of the grants, as well as the monitoring and reporting of results; and (ii) managing the scholarships awarded under Subcomponent 2.2. However, payment to training providers and to the beneficiaries of scholarships will be handled by the UGPE. **The SDF Procedures Manual will be revised to define the roles and responsibilities of the stakeholders, as well as the procedures to be followed by the SDF and the training providers, and approved by the World Bank, as a condition of credit effectiveness.**
- (c) **The SSIVT**, mainly through the DGEFPEP, will be responsible for the overall oversight of TA activities under Subcomponent 3.2. The DGEFPEP will designate sector committees for tourism and ICT, building on the experience of the National Qualification System (*Sistema Nacional de Qualificação*, SNQJ). The DGEFPEP will also have the technical responsibility for the TA activities from 3.2.3 through 3.2.6, which will include, *inter alia*, drafting ToRs, participating in evaluation committees, collaborating with consultants, and validating deliverables.
- (d) **Sectoral committees for the Tourism and ICT sectors** will be in charge of (i) drafting ToRs related to the skills gaps analysis and the development and the relevant training programs, participating in evaluation committees, collaborating with the consultants, and validating deliverables; and (ii) selecting the training providers that will



deliver priority profiles training programs. The Sectoral Committees will receive technical support and guidance from the SNQ team as well as the UGPE.

2. **The overall fiduciary aspects and coordination of project implementation will be the responsibility of the UGPE.** UGPE is familiar with the World Bank fiduciary procedures and its overall procurement and financial management performance is satisfactory. The UGPE will be responsible for the overall Project coordination, including, *inter alia*, ensuring coordination with key stakeholders, managing the Project fiduciary aspects, and producing comprehensive monitoring and evaluation progress reports. The MoF will appoint a project manager, who will be responsible for providing training and support to Project implementing entities (MoE, SDF and DGEFPEP), especially in the areas of procurement, project management, and M&E, as needed. The project manager will also be responsible for consolidating input from these entities, preparing semi-annual progress reports and streamlining communications with the Bank. The project manager will work closely with UGPE fiduciary staff and the UGPE Coordinator. The project manager will have TORs and qualifications acceptable to the World Bank, and her/his appointment will be subject to the approval of the World Bank.

3. The UGPE currently includes an experienced FM specialist and two accountants, who are familiar with World Bank fiduciary procedures. In addition to the project manager, the UGPE will be staffed with a qualified accountant dedicated to the Project, as well as an additional procurement officer, a financial management specialist, and any other specialists required during project implementation.

4. **The PIM will be prepared and approved by the World Bank as a condition of credit effectiveness.** The PIM will include detailed guidelines, methods and procedures for the implementation of the Project, such as: (i) administration and coordination; (ii) budget and budgetary control; (iii) disbursement procedures and banking arrangements; (iv) financial, procurement and accounting procedures; (v) internal control procedures; (vi) accounting system and transaction records; (vii) reporting requirements; (viii) audit arrangements; (ix) corruption and fraud mitigation measures; (x) detailed procedures, eligibility, selection criteria and flow of funds for scholarships and grants; and (xi) any other arrangements and procedures that will be required for the effective implementation of the Project. Once approved by the World Bank, the PIM can only be revised in agreement between the World Bank and the Government.

B. Financial Management, Disbursements, and Procurement

Financial Management

5. The UGPE, established within the MoF, is managing the entire portfolio of the World Bank-financed projects in Cabo Verde. UGPE financial management arrangements are adequate to meet the World Bank minimum requirements under the World Bank Policy and Directive on IPF effective in 2017. The UGPE FM staff currently include an experienced financial management specialist and two accountants, who are familiar with World Bank fiduciary procedures. Risks have been identified, and the proposed related mitigation measures (as described in table 1 below) will strengthen the internal control environment and maintain the continuous timely and reliability of information produced by the UGPE and an adequate segregation of duties.



Table 1. FM Action Plan

Issue	Remedial Action Recommended	Responsible Entity	Completion	Effectiveness Conditions
PIM, including fiduciary procedures	Develop a PIM with detailed procedures for requesting and reporting on the RBF of Component 1, the eligibility, selection criteria, and flow of funds of skills development grants and scholarships program	DGPOG/UGPE	By effectiveness	Yes
Staffing	Recruit experienced accountant fully dedicated to the project.	UGPE	Three months after effectiveness	No
Information system accounting software	Customize the existing accounting software to fit project needs and generate useful information and financial statements.	UGPE	Three months after effectiveness	No
External financial auditing and DLIs verification	Appoint an external auditor acceptable to IDA and an independent verification agent on RBF mechanism, funded by project Component 1.	UGPE	Three months after effectiveness	No

Budgeting

6. Annual budgets will be derived from the project disbursement schedule, and will be updated as needed to reflect implementation progress. UGPE will prepare a detailed annual work plan and a budget in consultation with DGPOG, the SSIVT and the SDF. UGPE will submit the annual work plan and budget to the World Bank, for no objection, before the end of each calendar year.

7. **Accounting and reporting.** Project accounts will be maintained on a cash basis, supported with appropriate records and procedures to track commitments and to safeguard assets. Annual financial statements will be prepared by the UGPE in accordance with Cabo Verde accounting requirements but considering specificities related to external financed investment projects. Accounting and control procedures will be documented in the PIM. Every quarter, and within 45 days of the end of the reporting period, the UGPE will submit a withdrawal application for IDA credit, along with IFRs and DLI results report to the Bank for disbursements and documentation of expenditures. The IFRs template will be included in the PIM. The IFRs will be used to document advances and actual project expenditures incurred against the ones that were planned. UGPE will customize its existing accounting software, which already includes multi-project and multi-donor features, to meet the requirement of the project.

8. **Internal control and internal auditing arrangements.** The PIM will detail the administrative procedures that will be followed by the implementing entities, and will document the FM and disbursement arrangements, including internal controls, budget process, assets safeguards, and clarify roles and responsibilities of all the stakeholders.



Internal Controls

9. **The daily operations of the project will be guided by the PIM, which will incorporate the FM procedures and the specificities of the project, including the RBF and the scholarships program.** UGPE has a well-established control environment and has adequate processes and procedures in place to implement the project activities.

Financial Reporting and Monitoring

10. **Unaudited financial reports and annual financial statements will be required during project implementation.** The UGPE will be required to prepare consolidated unaudited financial reports, which will cover each calendar quarter and will be due within 45 days of each quarter end. The UGPE will be responsible for the timely preparation of IFRs and annual project financial statements. It will produce the Project annual financial statements, which will comply with both Cabo Verde accounting standards and World Bank requirements. The financial statements may comprise the following:

- Project presentations and project developments and progress during the year, to provide context to (or other explanations of) financial information reported;
- Statement of sources and uses of funds which recognizes all cash receipts, cash payments, and cash balances;
- A statement of commitments;
- Accounting policies adopted and explanatory notes;
- A management assertion that project funds have been expended for the intended purposes as specified in the relevant financing agreements.

11. **Annual financial audit.** An external independent and qualified private sector auditor will be recruited to carry out the audit of the Project financial statements. The auditor will express an opinion on the annual financial statements and perform the audit in compliance with the International Standards on Auditing. The auditor will be required to prepare a Management Letter detailing observations and comments and providing recommendations for improvements in the accounting system and the internal control environment. The audit report on the annual project financial statements and activities of the Designated Account (DA) will be submitted to the World Bank within six months after the end of each project fiscal year.

12. **DLI verification.** IGF will be the Project IVA, and will be responsible for the verification of the annual EEP spending and results reports. The agent will issue an opinion on the accuracy and validity of the information presented by the DGPOG on the EEP and DLI. This certificate should be sent to the World Bank once available. IGF will prepare semi-annual reports, that will be submitted to the Bank for disbursement.

Table 1. Audit Report Requirements

Auditing	Deadline	Responsible
Audited financial statements, including audit report and management letter of the project	Six months after the end of the year	UGPE



13. The project will comply with the World Bank's disclosure policy of audit reports and place the information provided on the official website within one month of the report being accepted as final by the team.

Disbursements

Table 2. Eligible Expenditures by Category: Disbursement Schedule

Disbursement Categories	Amount of Credit (US\$, million)	Percentage of Expenditure to be Financed (including taxes)	Disbursement Method	Disbursement Condition
Category (1): EEP under Component 1 of the Project	6.4	100%	Reimbursement of eligible expenditure based on certification of DLIs achieved and expenditure reported in semi-annually and EEP	Achievement of DLI targets
Category (2)		100%	Advance to DA	Category2 (b): - Adoption by the Government of a new sustainable model for student financing - Decree of the Council of Ministers approving the revised status of the SDF
(a) Skills Development Grants under Subcomponent 2.1. of the Project	1.0			
(b) Scholarships under Subcomponent 2.2. of the Project	1.0			
(3) Goods, non-consulting services, consultants' services, incremental operating costs, trainings, and workshops	1.6	100%	Advance to DA	None
Total	10.0	—		

14. **Disbursements will be report-based.**

(a) Categories 2 and 3

15. The World Bank will disburse the credit proceeds into a DA denominated in U.S. dollars, maintained at the Central Bank of Cabo Verde (*Banco de Cabo Verde, BCV*). Advances will be provided to the DA based on a six-month forecast, and, subsequently, quarterly IFRs will be used for documentation of expenditures. Other disbursement methods (reimbursement, direct payments, and special commitment) will be available. Overall disbursement arrangements will follow standard disbursement



policies and procedures established in the Disbursement Guidelines for IPF dated February 2017 and in the Project Disbursement Letter.

16. **Disbursement conditions.** The adoption of a sustainable model for student financing based on the outcomes of the TA planned under sub-component 3.2 and in terms and conditions acceptable to the World Bank will be a condition of disbursement for the scholarship program (Category 2(b)) of the Disbursement Schedule.

(b) Category 1

17. Disbursements related to Component 1 (Category 1 of the Disbursement Schedule) will be made against achievement of DLI targets. A certain amount of credit proceeds has been allocated to each DLI, referred to as the DLI price, which is the amount that DGPOG can claim as disbursements against EEPs if that DLI has been achieved and verified. These EEPs are a part of the MoE's recurrent expenses of the eligible activities included in the ESP 17–21, clearly identifiable in the MoE's financial statements, and will primarily comprise staff salaries or other operational costs related to the program.

18. Decisions over compliance and disbursement against indicators will be made on the basis of periodical reports prepared by the DGPOG and submitted to the independent verification agent, along with necessary documentation showing that the DLRs have been achieved. The World Bank will receive the EEP spending and DLI assessment report and will finally advise on the amount to be reimbursed to the MoE, which should not exceed the actual value of the EEPs that generate the results or DLI levels to be paid. Disbursements against EEPs and DLIs will flow to a special account to be opened at the treasury.

19. **Carry forward of amounts not disbursed.** If the World Bank has received evidence of only partial compliance under the DLIs and/or the recipient has not presented enough eligible expenditures under the EEPs to disburse the full planned disbursement amounts, only part of the full planned amount will be disbursed. The World Bank may, at its discretion, authorize that the unwithdrawn portion of the financing resulting from this lack of evidence be carried forward to the subsequent withdrawals. In such case, the amount to be disbursed by the World Bank, in the aggregate under all subsequent withdrawals, shall not exceed 100 percent of the sum of the total amounts of EEPs incurred at that time.

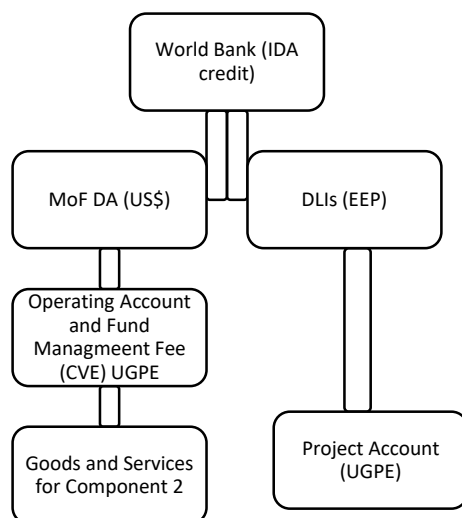
20. **Distribution of carried forward disbursements.** The amounts carried forward for subsequent withdrawals because of the nonachievement of DLIs may be disbursed only if at the time of the subsequent withdrawal, (i) the applicable DLIs have subsequently been achieved; and (ii) the recipient has submitted documentation of eligible expenditures in the amount at least equal to the withdrawal amount requested. The amounts carried forward due to lack of documentation of eligible expenditures in the amount at least equal to the amount requested for withdrawal may be disbursed at the time of the subsequent withdrawal only if such amount of eligible expenditures is then submitted.

21. **Final disbursement.** If any amount allocated to Component 1 remains to be withdrawn from the loan balance due to partial evidence of compliance with the DLIs and/or lack of documentation of eligible expenditures, the Association may, at its discretion, authorize this remaining amount to be disbursed as an exceptional disbursement, before the closing date, in accordance with the DLI formula, and provided the recipient has submitted documentation of eligible expenditures in the amount at least equal to the withdrawal amount requested.



22. A total of four DLIs will be financed from the US\$6.4 million allocated to EEPs. The tentative disbursement schedule is set out in annex 3. The figure below summarizes the flow of funds from IDA Account to the project's Designated Account for components 1 and 3 and the Treasury account for payment of DLIs (component 1).

Figure 1.1. Flow of Funds



Procurement

Applicable policies and procedures

23. **Component 1 will use DLIs.** It has been agreed that payments will be based on eligible expenditures, which are not procurable items, but which are considered to directly affect the achievement of the project objectives.

24. **Component 2 will provide grants to selected training centers** to design and deliver training programs, and follow students for a period of time to be determined in the operational manual. The total grant allocation per training provider will be between US\$150,000 and US\$200,000. To design and deliver the training programs, the selected training providers may need to: (i) contract experts (consultants or university professors); and (ii) purchase limited equipment and consumables. Such procurement will follow simplified procurement requirements/methods as detailed in the PIM.

25. **Procurement associated with Component 3** will be carried out in accordance with the requirements set forth or referred to in the 'World Bank Procurement Regulations for IPF Borrowers', issued in July 2016 and revised in November 2017 (Procurement Regulations) and the provisions of the Procurement Plan. Procurement activities will be carried out in accordance with the World Bank's 'Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants' (revised as of July 1, 2016).

Advertisement



26. UGPE shall prepare and submit to the World Bank a General Procurement Notice (GPN). The World Bank will arrange for the publication of the GPN in United Nations Development Business online and on the World Bank's external website. UGPE may also publish the GPN in at least one national newspaper.

27. UGPE shall publish the Specific Procurement Notices (SPNs) for all goods, works, non-consulting services, and the Requests for Expressions of Interest on their free access websites, if available, in at least one newspaper of national circulation in the borrower's country, and in the official gazette. For open international procurement selection of consultants using an international short list, the borrower shall also publish the SPN in the United Nations Development Business online and, if possible, in an international newspaper of wide circulation; and the World Bank will arrange for the simultaneous publication of the SPN on its external website.

Procurement documents

28. In the event of international competitive procurement of goods, works, non-consulting services, and consulting services, the borrower shall use the applicable World Bank standard procurement documents with minimum changes, acceptable to the World Bank, as necessary to address any project-specific conditions.

Requirement for national competitive procurement.

29. Based on the national procurement procedure assessment carried out by the World Bank, the following requirements should be added to the provisions of the national regulations.

Procurement information and documentation—filing and database.

30. Procurement information will be recorded and reported as follows:

- (a) Complete procurement documentation for each contract, including bidding documents, advertisements, bids received, bid evaluations, letters of acceptance, contract agreements, securities, related correspondence, and so on will be maintained at the level of respective ministries in an orderly manner and be made readily available for audit.
- (b) Contract award information will be promptly recorded and contract rosters will be maintained.

PPSD and Procurement Plan

31. The finalized PPSP and **Procurement Plans will be reviewed and agreed upon during negotiations.** The different approaches, selection methods, the need for prequalification, estimated costs, prior review requirements, and time frames are agreed between the Government and the World Bank and are reflected in the Procurement Plan which will be attached to the PPSP. The main procurement activities are provided in annex 2, table 2.1.

Special Procurement Commission



32. **Training, workshops, and conferences.** Training (including training material and support), workshops, and conference attendance will be carried out based on an approved annual training and workshop/conference plan. A detailed plan providing the nature of training/workshop, the number of trainees/participants, the duration, timing, and estimated cost will be submitted to the Bank for review and approval before initiating the process. The appropriate methods of selection will be derived from the detailed schedule. After completion of the activities, beneficiaries will be requested to submit a brief report indicating the skills that they acquired and how these skills will contribute to enhance his/her performance and contribute to the attainment of the project objective.

33. **Incremental operating costs.** Operating costs financed by the project are incremental expenses, including office supplies, vehicles operation and maintenance, maintenance of equipment, communication costs, supervision costs (such as transport, accommodation, and *per diem*), and salaries of locally contracted staff. They will be procured using the procurement procedures specified in the PIM.

34. **Institutional arrangement and Assessment of the Capacity of the Agency to Implement Procurement:** The UGPE will carry out procurement under the project, which will mostly include TA to the MOE, the SDF, and the MoF. UGPE has implemented several projects since its establishment in 1999 and has strong experience with World Bank procurement procedures. In addition, UGPE is implementing several projects under the new Procurement Regulations, for which UGPE two procurements specialists are responsible.

35. MoE will carry out procurement for small consultancy contracts financed by the Government to achieve the DLIs in Component 1. For these contracts, the MoE will use national procurement procedures. Component 2 will finance grants to public or private training providers and scholarships to students. These activities will be handled by the SDF. Procurement in this component will be conducted by the training providers, with UGPE support, using the simplified procurement procedures described in the Operational Manual and the PIM.

36. An assessment of UGPE's capacity to implement Bank procurement was conducted during project preparation and determined that UGPE has the experience and qualifications to carry out procurement under this project. However, the project will increase the team's workload. In addition, UGPE has no technical expertise to prepare technical documents and evaluate technical proposals. Therefore, UGPE will need to work closely with the MoE, the SDF and the DGEFPEP, to ensure that they fully play their technical role in the relevant procurement activities. However, the SDF and DGEFPEP have limited capacity and may not be able to provide effectively such support. There are risks of possible delays in project implementation, and ineffective procurement would deliver poor results. The overall procurement risk is rated **Substantial**, but it is expected to become **Moderate** once the following mitigation measures are implemented: (i) recruitment of an additional Procurement Specialist; (ii) update of the existing PIM to include the new provisions of the World Bank procurement regulations; and (iii) maintain an acceptable procurement filing system throughout project implementation. Table 4 below details identified procurement risks and related mitigation measures.



Table 4. Procurement risks and mitigation measures

Risk Description	Description of Mitigation	Responsibility	Deadline
Additional workload for UGPE staff that can result into delays and ineffective procurement	Recruitment of an additional Procurement Specialist who will share UGPE procurement team workload, or reorganization of the UGPE procurement team for repartition of the workload	UGPE	Three months after effectiveness
Lack of technical expertise at UGPE to prepare technical parts of procurement document	Close collaboration with the MoE, SDF and MoF to ensure that their technical input is accurately reflected in relevant procurement documents and processes	UGPE/MOF/MOE/SDF	When necessary
Limited capacity of the MoE, MoF and SDF to provide timely input for procurement documents and processes	Close collaboration with and coaching/training from UGPE	UGPE/MOF/MOE/SDF	When necessary
Limited capacity of the training centers to carry out their activities	Description of simplified procurement procedures in the SDF Operational Manual and the PIM, and UGPE support to training providers	UGPE	Operational Manual and PIM by effectiveness UGPE support when necessary

37. **Frequency of procurement reviews and supervision.** World Bank prior and post-reviews will be carried out based on the thresholds indicated in table 5 below. The standard post-procurement reviews by World Bank staff should cover at least 15 percent of the contracts subject to post-review. They consist of the review of technical, financial, and procurement actions, reports and decisions. The World Bank will conduct supervision missions every six months, as well as annual post-procurement reviews. A World Bank procurement specialist or a specialized consultant will be included in the supervision missions. The World Bank may also conduct an Independent Procurement Review at any time, and this until two years after the closing date of the project.

38. **The procurement risk is rated Substantial.** Table 5 summarizes the procurement prior review thresholds for 'high risk' Projects. These prior review thresholds can evolve according to the variation of procurement risk during the life of the project.

**Table 5: Procurement Prior Review Thresholds (US\$ million)**

Procurement categories	Thresholds
Goods, information technology, and non-consulting services	2,000,000
Consulting firms	1,000,000
Individual Consultant	300,000

Implementation Support

Strategy and Approach for Implementation Support

39. The World Bank team would undertake two supervision missions each year, undertake technical missions as required, and provide implementation support on a continual basis through virtual (electronic) communication, videoconference meetings, and audio conferences. The M&E framework will also be tracked throughout project implementation and will be a central task for project implementation support. Third-party verifications would be undertaken at least biannually and managed on a rolling basis as necessary. This is to provide opportunities for course corrections during implementation.

Implementation Support Plan and Resource Requirements

40. The World Bank team, including staff and consultants, will provide implementation support. This is the first World Bank-financed education project (in 10 years). To ensure a strong, appropriate, and timely start to implementation, frequent meetings and hands-on support will be required. Table 6 shows the types of expertise and resources required to provide adequate implementation support.

Table 6. Skills Mix Required

Skills Needed	Number of Staff Weeks	Number of Trips
Senior education specialist	40	10
Senior procurement specialist	3	
Senior FM specialist	3	
Senior legal counsel	2	
M&E specialist	10	
Expert in curriculum and student assessment	4	2
Expert in vocational education and training programs	8	4
Education specialist/operational support	40	10
Team assistant	20	



ANNEX 2: Project Description

Cabo Verde Education and Skills Development Enhancement Project

1. **The objective of the project is to strengthen foundational skills in education and improve the relevance of training programs to the country's strategic development plan.** To achieve this, the proposed operation will be supported by three components: Component 1 will finance DLIs to support activities related to the implementation of the basic education reform with a specific focus on strengthening foundational skills under the new curriculum for Grades 1 to 8. Component 2 will support the SDF and finance grants and scholarships. Component 3 will finance TA and operating costs to support both Components 1 and 2, as well as Project management-related costs.

Component 1: Support to the Basic Education Reform (Estimated costs: US\$6.4 million)

2. The Government of Cabo Verde is extending its basic education system from six to eight years with the overall objective to improve learning and retention of students in secondary schools. Component 1 will support this reform through improved quality inputs, including the better alignment of curriculum and teaching practices with expected learning outcomes, and the increased autonomy of local players, which will allow them to adjust education services to the specific needs of the communities and children they serve. These areas are directly aligned with priorities identified in the ESP 17-21 and will be accompanied by TA (see Subcomponent 3.1) to support implementation and institutional capacity building within the MoE.

3. This component would support four priority areas identified within the MoE's ESP 17-21 as essential to improving the quality of basic education: (1) revising the curriculum and pedagogy in line with the basic education reform; (2) establishing a student assessment system; (3) supporting teachers and other educational staff in the implementation of the reform; and (4) preparing the various actors in the system to act with more autonomy and responsibility.

Priority Area 1: Revision of Curriculum and Pedagogical Practices

4. One of the main priorities of the ESP 17-21 is the extension of basic education from six to eight years and a revision of the full curriculum to accompany this expansion. Key aspects of the curriculum reform include the introduction of foreign languages (English and French) in Grade 5, the teaching of Portuguese as a second language (as Creole is often the mother tongue for most students), a revision and update of the approach to teaching science and mathematics, and the introduction of ICT in schools.

5. Prioritization of this priority area will be key to achieving the PDO, as a successful curriculum reform will create the foundation for the implementation of the other areas and the improvement of the overall quality of basic education. The revised national curriculum will be aligned with what is actually taught in the classroom (one of the weaknesses identified in the 2017 SABER-SA diagnostic), and a clear and updated set of learning standards (which provides information on what students are expected to learn at all different ages and grade levels, and specifies the desired performance levels) based on the revised curriculum will be developed and made available to all teachers.



6. In 2019, this component will first support the elaboration of the '*Matriz do Perfil de Saída*' (student learning competencies), which will outline what students are expected to know and learn in the basic education grades (Grades 1–8) in the following key subject areas: Portuguese, mathematics, science, English, and French. This matrix is being developed by an internal team, assisted by an *ad hoc* scientific pedagogical committee, which also has the task of monitoring and validating all materials.

7. This component will also support the MoE (particularly the DNE) in the development of the new education materials to support the curriculum reform: (i) the new curriculum programs, (ii) study plans, (iii) manuals, (iv) teacher guides, and (v) exercise work books in Portuguese, mathematics, science, English, and French. These materials will be developed by teams under the coordination and supervision of the DNE. The timeline for the development and dissemination of the new curriculum and materials to the *delegações* is as follows:

- 2018: Development of education materials for Grades 1 and 5 (not supported by the project).
- 2019: Dissemination of new curriculum and materials to teachers of Grades 1 and 5; and development of education materials for Grades 2 and 6 (and physics and chemistry for Grades 8).
- 2020: Dissemination of new curriculum and materials for Grades 2 and 6 (as well as physics and chemistry for Grade 8); and development of education materials for Grades 3 and 7.
- 2021: Dissemination of new curriculum and materials for Grades 3 and 7; and development of education materials for Grades 4 and 8 (with the exception of physics and chemistry).
- 2022: Dissemination of new curriculum and materials for Grades 4 and 8 (with the exception of physics and chemistry).

8. The entire curriculum revision process is specified in *the Documento Orientador da Operacionalização do Projeto Educativo* ('Guidance Document for the Operationalization of the Educational Project').

9. ICT will be introduced into the curriculum. Students will be exposed to learning through the use of technology, including computer programming and robotics. The introduction of technology will require its introduction into the teacher training programs, and will include the use of technology as an educational resource in the classroom and to support communication within the school community.

10. The curriculum reform will also include a focus on 21st century skills. The entire curriculum revision methodology has followed a holistic approach, through which the teams have integrated cross-cutting themes (collaboration and teamwork, critical thinking, problem solving, and so on) into all aspects of the new curriculum. The revised curriculum will also include specific modules to develop socioemotional skills for students of Grades 7 and 8. Finally, the MoE will ensure that gender-sensitive elements are included in the revised curriculum.



Priority Area 2: Establishing and Operationalizing a Student Assessment System

11. Currently, Cabo Verde does not have a national assessment system to measure student learning, and student assessment has been identified as one of the main weaknesses of the current education system by the 2017 SABER-SA diagnosis. This area will support the implementation of the following recommendations which are aligned with key activities within the ESP: (i) developing detailed curriculum standards (minimum competencies to be reached by pupils) to guide assessment development; (ii) establishing and train a semiautonomous unit responsible for learning assessments; (iii) implementing a national large-scale assessment to monitor overall quality of learning and help inform policy making; and (iv) improving the use of formative assessment.

12. The recently revised MoE organigram has introduced an evaluation unit under the DGPOG. This unit is responsible for the assessment of the education system as a whole (*Unidade de Estudos, Avaliação e Prospetiva*). In partnership with the Education Sector Institutional Strengthening Project (GPE/UNICEF), the Project will provide direct support to the newly created evaluation unit and the DNE student assessment team. Both teams will receive training on methodology and data analysis, and additional TA will help ensure that the student assessment system accurately supports and reflects the curriculum reform and ultimately helps improve learning outcomes.

13. The second activity under this area is to support the implementation of national assessments in Portuguese and Mathematics. In 2019, the GPE-financed project will provide TA for a national assessment for Grades 2, 4 and 6. The Project will provide further technical support (through Sub-component 3.1) for this activity, which will include the creation of evaluation tools, the technical training of teams, and the monitoring of the application of national tests; as well as the collection, processing of data, and dissemination of results including at the school level.

14. The third activity consists of the revision of the formative assessment system through the establishment of a legal framework and the development of materials (such as notebooks and monitoring sheets). The development of these tools will be done with the participation of teachers. A report on the effective implementation of the new tools will be produced at the end of the period. Training to help establish this system will be carried out under this priority area, as well as through in-service teacher training (Priority Area 3).

Priority Area 3: Support to Basic Education Teachers

15. Basic education teachers have very little opportunity to benefit from regular supervision and pedagogical support. While teacher training has occurred on an *ad hoc* basis, there is no formal or institutionalized in-service teacher training system to support professional development or address particular needs in the education system. As such, the primary objective of Priority Area 3 will be the development of a National In-Service Teacher Training Plan (*Sistema Nacional de Formação Contínua dos Professores*). The Project will provide support to the MoE to develop this plan, including through the TA planned under Sub-component 3.1.

16. The development, definition, and implementation of the plan will be done jointly with higher education institutions in Cabo Verde. Training will be implemented using a combination of both face-to-face and distance learning modules (due to the spread out archipelagic geographic nature of the country).



Development of the In-service Teacher Training Plan will be based on an evaluation/survey of the specific training needs of teachers; identified areas of difficulties and weaknesses; areas needing further professional development; as well as the diverse needs of each island and municipality. The plan will detail the content, objectives, methodologies, resources, and activities for each type of in-service training. An evaluation will be carried out at the beginning and at the end of each course/training to assess the quality of each training module and trainer.

17. The training plan will also include ‘coaching’ and mentoring activities focused on monitoring and observing the performance of teachers in the classroom. Under this area, the project will help develop a support-system for in-field coaching and mentoring of teachers, including emphasis on the development of a classroom observation instrument to support teaching practices. It will focus on improving the teacher evaluation system, as well as the training inspectors, pedagogical coordinators, and school managers to better support teachers and monitor school activities. The Plan and teacher training models will also adopt a gender-sensitive approach.

18. There are approximately 3,500 basic education teachers throughout Cabo Verde.²⁷ To support the education reform, three specific training programs will be developed and supported under this component: (i) teacher training in the use of the new curriculum; (ii) training Grade 7/8 teachers on the specificities of teaching in basic education schools; and (iii) teacher training in the use of formative assessments. The in-service teacher training modules to support the implementation of the new curriculum will be carried out between 2019 and 2022 and will follow the schedule of the development of the new curriculum materials (carried out under Priority Area 1):

- (a) 2019: Training in new curriculum for Grades 1 and 5 teachers.
- (b) 2020: Training in new curriculum for Grades 2 and 6 teachers (as well as Grade 8 physics and science teachers).
- (c) 2021: Training in new curriculum for Grades 3 and 7 teachers.
- (d) 2022: Training in new curriculum for Grades 4 and 8 teachers.

Priority Area 4: Empowering Actors throughout the Education System with More Autonomy and Responsibility

19. The management of the education sector is highly centralized, despite the geographical segmentation of the country. Decisions are often made at the central level, far from the inputs of local communities, teachers, students, and parents. The 2014-2015 ESA revealed weaknesses in the overall management system, particularly in the areas of planning and managing human, material, and financial resources. The ESP 17–21 outlines a set of actions to promote efficiency and effectiveness in the management of resources and promote greater autonomy and increased responsibility of all actors at all levels in the education system. This project would support the decentralization process and provide local level *delegados* with increased autonomy and budget to more effectively address local-level issues, including capacity building for both local- and central-level staff focused on strategic management, educational planning, M&E, and administrative and pedagogical management of schools.

20. In addition, to improve overall effectiveness and efficiency, the project will support the pilot of an

²⁷ *Eléments d’analyse sectorielle de l’éducation à Cabo Verde*, UNICEF 2015.



RBF model in four *delegações*. Results-based management (RBM) tools, trainings in use of the tools, a pilot experience, and final evaluation will be supported by the TA planned under Sub-component 3.1. Results of the pilot will be used to make decisions for future scale-up of RBM systems.

Disbursement-linked Indicators

21. **Because the four areas under this component are well-defined and that there is a clear vision from the Government on the activities and objectives to be included, the proposed operation will include a set of DLIs under this component aligned with the key levers conducive to improving quality of basic education.** Clear responsibilities will be assigned for the achievement of the DLI targets, and precise verification protocols and procedures will be put in place. In addition, the number and scope of DLIs included in the project would guarantee the steady flow of funds, allow spreading out the responsibilities for achieving them among several subdivisions and departments of the MoE, and promote coordination among them. More details on the specific indicators, disbursement arrangements, and verification protocol are provided in annex 3.

22. The EEPs were selected amongst the MoE budget line items comprising non-procurable cost items. A total of US\$160 million is expected to be allocated in the EEPs by the MoE during the next four years. The list of indicative EEPs is as follows:

- Salaries of basic education (Grades 1 to 8) teachers
- Salaries of the newly created student assessment unit
- Salaries of administrative staff in the pilot delegations for the implementation of the result-based management model

Component 2: Support to demand-based training financing schemes (Estimated costs: US\$2 million)

23. **The second component will support the Government in operationalizing the Skills Development Fund.** The main objective of restructuring the FPEF into the SDF is to improve the employability of young Cabo Verdeans by promoting the relevance of and improving access to skills training programs, ultimately reducing the gap between the supply and demand for skills. A Subsidiary Agreement between the MoF and the SDF will set the legal responsibilities of both entities.

24. The Project will provide both TA and funding in the following areas: (i) strengthening of the identification of skills needs in two priority sectors (the demand-side); (ii) promotion of a training system that is responsive to the sectors' needs; (iii) strengthening of a scholarship financing mechanism that is sustainable and promotes equity and employability; (iv) establishment of a mechanism to measure outcomes and provide feedback to the system, and (v) development of a sustainable financing model.

25. The Cabo Verdean vocational training system is currently organized around the following three pillars:

- **Training providers** are overseen by the *Instituto de Emprego e de Formação Profissional* (IEFP), a public agency with administrative and financial autonomy, overseeing a network of nine regional training centers covering most of the islands, and with a mandate to improve the employability of vulnerable youth. Training programs are essentially supply-driven and



links with the labor market are scattered, and *ad hoc*. *Escola de Hotelaria e de Turismo de Cabo Verde* (EHTCV) and *Centro de Energias Renováveis et Manutenção Industrial* (CERMI) are specialized training centers with stronger ties with related industries. Both were established with substantial support from LuxDev and receive limited budgetary support. Private sector training provision is limited in size and scope.

- **The SNQ**, created in 2010, establishes the competencies and standards that define different levels of skills, from qualification levels 2 to 5. These qualifications can be acquired through certified training programs or through the recognition of experience. The definition of professional qualifications is the result of a consultative process in which *ad hoc* sector technical committees are established between experts from the SNQ and technical staff from enterprises in a particular sector. In addition, the SNQ is the accreditation authority for training institutions.
- **The FPEF** was established in 2012, to promote skills development. The FPEF has been operational since 2013, and to date, has reached more than 4,000 beneficiaries. The FPEF has three programs (*Medidas*) under which skills development initiatives can be funded: (a) support to training providers (*Medida 1*), (b) scholarships (*Medida 2*), and (c) support to the creation of micro and small projects (*Medida 3*). The FPEF has been designed to support vocational and technical training through loans to training providers, scholarships to needy students, and financing to small and microenterprises. However, the FPEF's scope of interventions remained limited as the loans program was not sufficiently attractive to training providers and its main source of revenue (10 percent allocation from the tourism tax) was eliminated at the end of 2016 without being replaced by a different financing source. The objective of the FPEF restructuring into the SDF is to promote demand-driven training programs through stronger involvement of relevant industries, revise the scholarships program to improve access to training programs relevant to the labor market needs, and ensure financial sustainability of the fund.

26. A demand-driven training system is possible only with a strong partnership between employers and the Government. The success of the project depends on the participation of the productive sector both on the demand and the supply of training activities. For the purposes of this project, the participation of the private sector will go through the establishment of sector committees, which will be working spaces in which representatives from a specific industry sit together with representatives from relevant training institutions to promote demand-driven training initiatives. The SNQ will be instrumental in organizing and facilitating the work of the sector committees. The responsibilities of a sector committee will be to: (i) identify the priority skills required by employers, in their sector; (ii) follow up on activities defining job/competency profiles and the elaboration of training programs relevant to the needs of enterprises; (iii) mobilize firms in their sector to participate in dual training; (iv) facilitate the access of teachers to enterprise-based training, and (v) participate in the evaluation of graduates and certify their competencies.

27. **Identifying the demand for skills.** The project will finance (under Subcomponent 3.2) a skills diagnostic in two pre-identified priority sectors—Tourism and ICT—to understand their needs in terms of skills. The skills diagnostic will require placing the local industry in a global context and exploring key emerging global trends and skills. A dialogue with the sectors will be conducted through interviews, focus



groups, and surveys to determine the key areas where employers perceive the demand for skills to be urgent.

28. The skills diagnostic will be supervised and validated by the relevant sector committee composed of key firms and staff from the DGEFPEP and SNQ. The SNQ has a prior experience in setting up technical committees for the elaboration of qualification standards for levels 1–5. After the completion of the skills diagnostic study, the technical committee will identify priority skills and the qualification levels that are required.

29. **Creating job and competency profiles.** Once the sector committees will have made decided on a group of priority skills, job and competencies profiles will be established. A job profile is a compilation of the tasks and duties necessary to perform adequately in a specific job. A competency profile is the set of skills and knowledge required to perform the tasks of a specific job. The elaboration of job and competency profiles is at the heart of the so-called ‘Competency-based approach’ for curricula development. Job profiles will be created in workshops with a group of leading firms in the tourism or ICT sectors and a facilitator will produce a list of tasks necessary for a specific job. An expert will then translate the job tasks into competencies and knowledge required to perform these tasks. Competencies and knowledge include technical knowledge and soft skills. The level of the latter depends on the qualification level required by industry. In the case of Cabo Verde, qualifications 2–3 correspond to a semi-skilled worker, while qualifications 4–5 correspond to a mid-to-higher skilled worker. Qualification levels above 5 correspond to careers offered at a higher education level.

30. **Curricula development.** Once the competencies associated with a job will have been established, a curricula developer will design a training programs that will address the skills required for a specific job. The courses will include knowledge content (technical and soft skills) and can be organized in modules. In addition, these courses can be designed to be taught in an enterprise-based learning mode (dual training), where equal parts of the learning occur in a classroom and on-the-job. Curriculum development will be undertaken by selected training providers with TA (under Subcomponent 3.2).

31. **Component 2 will finance the operationalization of the SDF with a view to create incentives for the emergence of a demand-driven system.** The main objective of restructuring the FPEF into the SDF is to improve the employability of young Cabo Verdeans by promoting the relevance of and improving access to skills training programs, ultimately reducing the gap between the supply and demand for skills. This would be achieved mainly through the revision and funding of two of the three main programs supported by the FPEF, *Medida 1* (Skills Development Grants) and *Medida 2* (Scholarships). The project will finance (through Subcomponent 3.2) TA for the restructuring of the FPEF into the SDF, as well as the revision of *Medida 1* and *Medida 2*.

32. **As a condition of credit effectiveness,** the Government will send to the World Bank a revised Operational Manual for the SDF. The Operational Manual will also describe the measures that will be taken by the SDF to engage more women into the priority sectors, notably through scholarships. A special focus will be put on attracting women to apply to priority training programs for “typical-male jobs” in order to enhance their opportunities on the labor market.



Subcomponent 2.1 Skills Development Grants (Estimated costs: US\$1 million)

33. This subcomponent will finance skills development grants (grants) to public and private training providers to cover costs associated with the elaboration and delivery of training programs for the priority skills identified for the two pre-selected sectors (tourism and ICT), using a competency-based approach for curricula development. The grants will cover services, consumables and small equipment necessary for the elaboration and operation of training programs and will be awarded through results-based contracts to selected training institutions.

34. This component will support training institutions that will accept to enter into a partnership with employers. Therefore, employers will also be an actor on the supply-side. In Cabo Verde, the supply side comprises public entities like EHTCV, CERMI, IEPF, private sector providers, and universities with post-secondary technical degrees. EHTCV, CERMI, and IEPF are public entities with administrative and financial autonomy. They operate with a small number of core staff/teachers, who are civil servants, and rely on larger numbers of short-term teachers, which gives them the flexibility to change the programs that they are offering. For the purposes of the project, and given the fact that there are only a small number of training providers, a pre-selection of training institutions, with qualifications sufficient to implement the Project, may be done. This identification and pre-selection would rely on an assessment conducted by the sector committees and the DGEFPEP.

35. Pre-selected training centers can present a joint proposal with a sector committee for funding of a training initiative, addressed to the SDF. The criteria under which the SDF will approve a proposal are as follows: (i) curricula already developed with employers from the sectors; (ii) delivery of training services under a dual-training approach with approximate equal numbers of hours taught in a classroom and hours spent learning while working in an enterprise; (iii) inclusion of teachers who have experience working in the industry; and (iv) diplomas/certificates for graduates will be certified by the relevant industry.

36. These criteria will be introduced in a new ProceduresManual, where each of these criteria will have different weights. The SDF may accept proposals prepared by SNQ-certified training institutions in partnership with an industry. The approved proposals will be contracted out to start the training activities.

37. The training programs will deliver skills at various levels of qualification, which will determine which training providers are more pertinent for the task. For example, the tourism industry may identify three priority skills needed: hotel assistant manager (qualification levels 5–6), specialized maintenance technicians (qualification levels 3–5), and entry level personnel for cuisine (qualification levels 2–3). Training for a hotel assistant manager (level 6) would be provided at the university level or by EHTCV, while specialized maintenance technicians (levels 3–5) would be trained by CERMI, and training for personnel for cuisine (levels 2–3) could be delivered by EHTCV and IEPF around the islands.

Subcomponent 2.2 Scholarships (Estimated costs: US\$1 million)

38. This subcomponent will finance scholarships to about 2,000 young Cabo Verdeans in priority training programs. Beneficiaries will be selected based on the new criteria and procedures elaborated with support from the TA provided under Subcomponent 3.2 of the project. Although these priority training programs may not be included in the programs supported under Subcomponent 2.1 of the Project, priority will be given to these sectors and programs.



39. **As conditions of disbursement of the scholarship program,** the Government will adopt a sustainable model for student financing in terms and conditions acceptable to the World Bank; and a decree of the Council of Ministers will approve the revised status of the SDF.

Component 3: Support to the Education and Skills Development Reforms and Project Management
(Estimated costs: US\$1.6 million)

40. This component will finance TA to support activities planned under Components 1 and 2, as well as specific costs related to project management. Details on Component 3 activities are provided in the table below:

Table 2.1. Component 3: Planned TA and other Support

Description	Estimated Cost (US\$)
Subcomponent 3.1. Support to the education reform	
3.1.1. Development of a socioemotional skills module. As part of the basic education curriculum reform, specific slots for socioemotional skills development modules have been reserved in the Grades 7 and 8 curricula. The TA will cover the cost of an individual consultant to develop, test, and evaluate such modules.	40,000
3.1.2. Support to the secondary education reform. This TA will help the ministry in developing a new model for secondary education (Grades 9–12). The TA will accompany curriculum committees at the MoE in designing the new secondary education curriculum. The first phase includes an international consultant who will share international best and relevant practices in secondary education and help the MoE in (a) developing learning objectives, (b) redesigning secondary education streams with a view to diversify and modernize the currently proposed curricula, and (c) defining the specific learning objectives for each stream. The second phase includes hiring a pool of four or five specialized consultants (local or international) to assist the MoE in developing the course outline of each stream.	100,000
3.1.3. Development of a teachers training and professional development strategy. This TA will help the ministry in elaborating a strategy to support, evaluate, and mentor teachers. This would be done in two phases. The first phase would include a diagnosis of the current teacher pre-service and in-service training as well as the model used to evaluate and support teachers. The diagnosis report will be widely shared and provide an opportunity to consult with teachers and other stakeholders. The second phase would include, taking into account the feedback received on the diagnosis and best international practices, a strategy document, including institutional and organizational recommendations to provide better preparation, support, and coaching to teachers.	50,000
3.1.4. Support to the student assessment unit and the performance-based management pilot. This TA will involve a partnership with an international specialized institution such as the UNESCO-(International Institute for Educational Planning to build the capacity of the MoE relevant units and delegations in the implementation of two key activities financed by Component 1 DLIs: the operationalization of an evaluation unit at the MoE and the piloting of a RBM model in four delegations.	150,000



<p>3.1.5. Capacity building for planning, implementing, and monitoring the school infrastructure plan. The objective of this TA is to enhance the capacity of the MoE to monitor the implementation of the school infrastructure plan (<i>'Plano Nacional de Reabilitação e Ampliação da Rede Escolar 2016–2020'</i>) and verify that the rehabilitated schools and new schools have adequate facilities to support expansion of the basic education system from six to eight years (that is, Grades 1 through 8). Specifically, this TA could (a) support the development and integration of a monitoring module into the MoE's management information system to enhance the capacity of the MoE to plan and continuously monitor the implementation and quality of construction, rehabilitation, and maintenance works in schools, including capacity building of personnel at MoE, respective delegations (<i>'Delegações educativas'</i>) and municipalities; (b) support finalization of the technical manual (<i>'Guia Técnica'</i>) with technical specifications for existing and new school facilities to ensure that schools have adequate structural and functional conditions and improved learning environments, including capacity building of personnel at MoE, respective delegations (<i>'Delegações educativas'</i>), and other relevant stakeholders in the country on the application of the technical specifications; and (c) support preparation of maintenance protocols and capacity-building activities for school communities in pilot rehabilitated and new schools to ensure implementation of adequate maintenance practices</p>	200,000
Total Subcomponent 3.1	540,000
Subcomponent 3.2. Support to the skills development sector	
<p>3.2.1. Support to the tourism and ICT sector committees. The objective of this TA is to assist the tourism and ICT sector committees to be created under the project in identifying priority job profiles and defining related competencies profiles to be the basis of the contracts to be concluded with relevant training institutions for the training programs to be delivered with financial support from Component 2 of the project. The TA will be provided by two specialized international firms (one for each sector). Each consultancy would include two phases: (a) skills gaps analysis for the current and prospective needs of the sectors based on existing work and a specific survey and (b) development of competencies profiles for three-fourth priority job profiles to be selected by the sector committees and identification of potential training providers.</p>	500,000
<p>3.2.2. Support to the development of relevant training programs. This TA will support training providers identified with support from the previous TA (3.2.1) and invited by the sector committees to deliver the training programs for the priority job profiles. The TA will provide individual consultants to help the training providers in developing the proposals to be submitted to the training committees and serve as a basis for the contracts to be financed through Subcomponent 2.1</p>	100,000
<p>3.2.3. TA to design a sustainable financing scheme for skills development. This TA will analyze the policies currently in place to finance vocational training and higher education, looking at both policy design and implementation and identifying gaps. The TA will provide options for redesigning skills development sector financing with a view to ensure sustainability, access, and relevance based on best international practices. The TA will also assist the Government in selecting the most appropriate option for Cabo Verde and identifying the institutional reforms needed for the implementation of the selected option.</p>	30,000



3.2.4. TA to redesign the student financing model for skills development. This TA will analyze the current model of student financing for both vocational training and higher education looking in particular at (a) effectiveness in access/equity and relevance, (b) efficiency in management (PEF, and other scholarship programs); and (c) sustainability. The TA will identify the gaps and propose alternative models to improve effectiveness, efficiency, and sustainability based on international good practices. The TA will also support the development of an operational manual for the newly proposed scholarship model (could be for the Fund only depending on the proposed model). Could be combined with 3.2.4 if an appropriate consultant profile is identified.	30,000
3.2.5. TA to support the Bolsa Global program. The Government has established a scholarship program (Bolsa Global) with a view to support the PEDS strategic objectives, promote excellence, and strengthen leadership. This TA will support the operationalization of Bolsa Global, particularly in terms of institutional setup and organization, developing partnerships with relevant international organizations, and preparing a fundraising strategy. The TA will include support from an individual consultant and trips/study visits to potential partners	65,000
3.2.6. Development of a human capital projection model. This TA will assist the Government in developing and running a macroeconomic projection model to plan for the human resources and skills required for the achievement of the PEDS goals especially with respect of the seven platforms. This would also include capacity building for the Government relevant staff to ensure ownership.	50,000
Total Subcomponent 3.2	775,000
Subcomponent 3.3. Support to Project Management	
3.3.1. Support to IGF for verification of DLIs and EEPs (Component 1)	85,000
3.3.2. Independent auditor	120,000
3.3.3. Training	20,000
3.3.4. Operating costs related to project management	40,000
Total Subcomponent 3.3	265,000
GRAND TOTAL	1,580,000



ANNEX 3: Disbursement-Linked Indicators

Cabo Verde
Education and Skills Development Enhancement Project

Table 3.1. Indicative Time Line for DLI Achievement

DLIs	Unit of Measure	2019	2020	2021	2022
DLI 1: New teaching materials for Grades 1–8 in key subject areas developed and distributed	Text	New materials for Grades 2 and 6 available in all 22 delegations	New materials for Grades 3 and 7 available in all 22 delegations	New materials for Grades 4 and 8 available in all 22 delegations	
Total DLI 1 allocation (US\$, million)		1.0	0.7	0.7	
DLI 2: National standardized learning assessment conducted in primary schools	Text	Operationalization of student assessment unit within the MoE		Schools receive detailed report on results of learning assessments and guidelines for their use to improve teaching and learning	
Total DLI 2 allocation (US\$, million)		0.5		1.0	
DLI 3: Teachers trained in the new curriculum	Number	450 Grades 1 and 5 primary teachers trained in use of new curriculum	900 Grades 2 and 6 primary teachers trained in use of new curriculum	900 Grades 3 and 7 primary teachers trained in use of new curriculum	900 Grades 4 and 8 primary teachers trained in use of new curriculum
Total DLI 3 allocation (US\$, million)		0.3	0.4	0.4	0.4
DLI 4: Results-based management system piloted in four delegations	Text	Design of instruments for results-based management and capacity building implemented in four delegations	Allocation of budget in four delegations based on pilot design		Evaluation of pilot report written and shared
Total DLI 4 allocation (US\$, million)		0.25	0.5		0.25



Table 3.2. DLIs Verification Protocols

Definition/Description of achievements		Protocol to Evaluate the Achievement of DLIs and Data/Results Verification		Disbursement	
		Data Source/ Agency	Procedure	Scalability	Disbursement Formula
DLI 1: New teaching materials for Grades 1–8 in key subject areas developed and distributed					
DLR 1.1: New materials for Grades 2 and 6 available in all 22 delegations	The MoE (under leadership of the DNE) will develop the following materials to support the new curriculum: (a) Curricular Programs (<i>Programas Curriculares</i>), (b) study plans (<i>Planos de Estudo</i>), (c) manuals (<i>Manuais</i>) and teaching guides (<i>Guias</i>) for teachers, and (d) workbooks (<i>Cadernos de exercício</i>). These materials will be developed in the key subject areas which include mathematics, Portuguese, Science, and	UGPE	The IVA will verify with the MoE that all 22 delegations have received the new curriculum documents for Grades 2 and 6.	Yes	US\$45,000 per delegation disbursed upon availability in each one of the first 21 delegations of all newly developed materials for Grades 2 and 6 to all basic education schools in Cabo Verde. US\$55,000 disbursed upon availability of such material in the 22nd delegation.
DLR 1.2 New materials for Grades 3 and 7 available in all 22 delegations	Foreign Languages (English and French) starting in Grade 5. Rollout of the development of these materials will take place in a phased manner and the DLIs will accompany this rollout so that in year 1 of the project materials for Grades 2 and 6 will be developed and distributed, in year 2 materials for Grades 3 and 7 will be	UGPE	The IVA will verify with the MoE that all 22 delegations have received the new curriculum documents for Grades 3 and 7.	Yes	US\$31,500 per delegation disbursed upon availability in each one of the first 21 delegations of all newly developed materials for Grades 3 and 7 to all basic education schools in Cabo Verde. US\$38,500 disbursed upon availability of such



Definition/Description of achievements		Protocol to Evaluate the Achievement of DLIs and Data/Results Verification		Disbursement	
		Data Source/ Agency	Procedure	Scalability	Disbursement Formula
	developed and distributed, and in year 3 materials for Grades 4 and 8 will be distributed. (Grades 1 and 5 will be developed and distributed before the start of the project.) Distributed means that all the above listed materials will be available at the 22 delegations of Cabo Verde.				material in the 22nd delegation.
DLR 1.3: New materials for Grades 4 and 8 available in all 22 delegations		UGPE	The IVA will verify with the MoE that all 22 delegations have received the new curriculum documents for Grades 4 and 8.	Yes	US\$31,500 per delegation disbursed upon availability in each one of the first 21 delegations of all newly developed materials for Grades 4 and 8 to all basic education schools in Cabo Verde. US\$38,500 disbursed upon availability of such material in the 22nd delegation.
DLI 2: National standardized learning assessment conducted in primary schools					
DLR 2.1: Operationalization of student assessment unit within the MoE	The MoE has adopted a new organigram which includes a unit within the DGPOG in charge all evaluation work at the sector level. The MoE is expected to develop the ToR of the newly created evaluation unit, allocate appropriate operational budget to its functioning and work program, and recruit and train staff fully dedicated to student assessment. The number of staff and types of training	UGPE	The IVA will verify that (a) the revised legal texts related to the MoE organigram include the establishment of the evaluation unit, (b) ToRs for the evaluation unit and work program have been adopted by the MoE and validated by the World Bank, (c) a budget has been allocated to the evaluation unit for 2019, and (d) key staff of the evaluation unit have been appointed.	No	US\$0.5 million disbursed upon establishment and operationalization of student assessment unit within the MoE



Definition/Description of achievements		Protocol to Evaluate the Achievement of DLIs and Data/Results Verification		Disbursement	
		Data Source/ Agency	Procedure	Scalability	Disbursement Formula
	required will be agreed upon with the MoE and the World Bank.				
DLR 2.2: Schools receive detailed report on results of learning assessments and guidelines for their use to improve teaching and learning	The MoE will implement nation-wide standardized student assessments at, at least, two grade levels. The assessment results are analyzed and disaggregated. The MoE conducts workshops to communicate the results to education stakeholders, including schools.	UGPE	The IVA will review the results report containing the analysis of the results. The IVA will also verify with the MoE, and through spot checks in a sample of schools (as agreed with MoE and the World Bank), that results are disseminated to all basic education schools and that schools have received guidelines on the use of the assessment results to improve teaching and learning.	No	US\$1 million disbursed upon the dissemination of results to schools.
DLI 3: Teachers trained in the new curriculum					
DLR 3.1: 450 Grades 1 and 5 primary teachers trained in use of new curriculum	The MoE will develop the curriculum and content for the professional development programs aimed at implementing the new curriculum for all primary school teachers. The training of the new curriculum will cover the core programs and subjects including Portuguese, Mathematics, Science, and Foreign Languages. The programs will include both a face-to-face and a distance learning component.	UGPE	<p>The IVA will review the professional development program for the new curriculum and ensure that it clearly identifies the scope, content, delivery methods, and outcomes. The scope of the programs will be agreed upon with the MoE and the World Bank.</p> <p>The IVA will verify the number of teachers trained on the new curriculum through the evaluation reports prepared by the delegations at the end of training sessions and consolidated by the DNE.</p>	Yes	Amount disbursed in US\$ million = (Number of Grades 1 and 5 teachers trained/450)*0.3 Up to a maximum of US\$0.3 million



Definition/Description of achievements		Protocol to Evaluate the Achievement of DLIs and Data/Results Verification		Disbursement	
		Data Source/ Agency	Procedure	Scalability	Disbursement Formula
	The teacher training of the new curriculum will be linked with the distribution of the new curriculum and materials (under DLI 1) and as such will take place in a staggered manner such that verification of the trainings will take place the year after the new curriculum materials have been distributed to the schools. As such: year 1 will train teachers of Grades 1 and 5 in the new curriculum, year 2 of the project will train teachers of Grades 2 and 6 in the new curriculum, year 3 will train teachers of Grades 3 and 7 in the new curriculum, and year 4 of the project will train teachers in Grades 4 and 8. By the end of the project, all 3,500 basic education teachers for Grades 1–8 should be fully trained in use of the new curriculum and materials. The DLRs will verify that at least 90 percent of those teachers have		The IVA will also verify with the MoE and through spot checks in a sample of schools (as agreed with the MoE and the World Bank) that teachers of Grades 1 and 5 in all basic education schools have been trained in the new curriculum.		
DLR 3.2: 900 Grades 2 and 6 primary teachers trained in use of new curriculum		UGPE	<p>The IVA will review the professional development program for the new curriculum and ensure that it clearly identifies the scope, content, delivery methods, and outcomes. The scope of the programs will be agreed upon with the MoE and the World Bank.</p> <p>The IVA will verify the number of teachers trained on the new curriculum through the evaluation reports prepared by the delegations at the end of training sessions and consolidated by the DNE.</p> <p>The IVA will also verify with the MoE and through spot checks in a sample of schools (as agreed with the MoE and the World Bank) that teachers of Grades 2 and 6 in all basic education schools have been trained in the new curriculum.</p>	Yes	<p>Amount disbursed in US\$ million =</p> <p>(Number of Grades 2 and 6 teachers trained/900)*0.4</p> <p>Up to a maximum of US\$0.4 million</p>



Definition/Description of achievements		Protocol to Evaluate the Achievement of DLIs and Data/Results Verification		Disbursement	
		Data Source/ Agency	Procedure	Scalability	Disbursement Formula
DLR 3.3: 900 Grades 3 and 7 primary teachers trained in use of new curriculum	benefited from the appropriate training.	UGPE	<p>The IVA will review the professional development program for the new curriculum and ensure that it clearly identifies the scope, content, delivery methods, and outcomes. The scope of the programs will be agreed upon with the MoE and the World Bank.</p> <p>The IVA will verify the number of teachers trained on the new curriculum through the evaluation reports prepared by the delegations at the end of training sessions and consolidated by the DNE.</p> <p>The IVA will also verify with the MoE and through spot checks in a sample of schools (as agreed with the MoE and the World Bank) that teachers of Grades 3 and 7 in all basic education schools have been trained in the new curriculum.</p>	Yes	<p>Amount disbursed in US\$ million =</p> <p>(Number of Grades 3 and 7 teachers trained/900)*0.4</p> <p>Up to a maximum of US\$0.4 million</p>
DLR 3.4: 900 Grades 4 and 8 primary teachers trained in use of new curriculum		UGPE	<p>The IVA will review the professional development program for the new curriculum and ensure that it clearly identifies the scope, content, delivery methods, and outcomes. The scope of the programs will be agreed upon with the MoE and the World Bank.</p>	Yes	<p>Amount disbursed in US\$ million =</p> <p>(Number of Grades 4 and 8 teachers trained/900)*0.4</p> <p>Up to a maximum of US\$0.4 million</p>



Definition/Description of achievements		Protocol to Evaluate the Achievement of DLIs and Data/Results Verification		Disbursement	
		Data Source/ Agency	Procedure	Scalability	Disbursement Formula
			<p>The IVA will verify the number of teachers trained on the new curriculum through the evaluation reports prepared by the delegations at the end of training sessions and consolidated by the DNE.</p> <p>The IVA will also verify with the MoE and through spot checks in a sample of schools (as agreed with the MoE and the World Bank) that teachers of Grades 4 and 8 in all basic education schools have been trained in the new curriculum.</p>		
DLI 4: Results-based management system piloted in 4 delegations					
DLR 4.1: Design of instruments for results-based management and capacity building implemented in four delegations	The ESP 17–21 supports a decentralization process aiming at empowering delegations and schools through additional responsibilities and resources. The TA under subcomponent will support the design of a RBM pilot to support this decentralization process. This DLI finances the implementation of the RBM pilot, including the design of the pilot, the allocation of	UGPE	The IVA will verify that the RBM pilot has been designed and is ready to be implemented: (a) a report, including description of the pilot, implementation plan, and related costs have been produced; (b) instruments for pilot implementation, including an operational manual, template for performance contracts with delegations and school development plans have been produced; and (c) the four delegations and related schools have been identified and their relevant staff trained.	No	US\$0.25 million disbursed upon the design of the instruments and implementation of training for the piloting of the RBM system.



Definition/Description of achievements		Protocol to Evaluate the Achievement of DLIs and Data/Results Verification		Disbursement	
		Data Source/ Agency	Procedure	Scalability	Disbursement Formula
DLR 4.2: Allocation and management of budget in four delegations based on pilot design	appropriate resources and the evaluation of the pilot.	UGPE	The IVA will verify that (a) performance contracts and school performance plans have been signed and (b) corresponding budget has been allocated to the four pilots delegations and related schools.	No	US\$0.5 million disbursed upon the signature of performance contracts and allocation of the budget in the four pilot delegations.
DLR 4.2: Evaluation of pilot report written and shared		UGPE	The IVA will verify that an evaluation of the RBM has been conducted by the MoE and will review the related report.	No	US\$0.25 million disbursed upon the dissemination of the report of the pilot.



Table 3.3. DLI Disbursement Estimates

Disbursement-linked Indicators		Disbursement-linked Results	Amount to be disbursed in US\$, million
DLI 1	New teaching materials for Grades 1-8 in key subject areas developed and distributed	DLR 1.1: New materials for Grades 2 and 6 available in all 22 delegations	US\$1.00
		DLR 1.2: New materials for Grades 3 and 7 available in all 22 delegations	US\$0.70
		DLR 1.3: New materials for Grades 4 and 8 available in all 22 delegations	US\$0.70
		Sub-total DLI 1	US\$2.40
DLI 2	National standardized learning assessment conducted in primary schools	DLR 2.1: Establishment of student assessment unit within the MoE	US\$0.50
		DLR 2.2: Schools receive detailed report on results of learning assessments and guidelines for their use to improve teaching and learning	US\$1.00
		Sub-total DLI 2	US\$1.50
DLI 3	Teachers trained in the new curriculum	DLR 3.1: 450 Grades 1 and 5 teachers trained in use of new curriculum	US\$0.30
		DLR 3.2: 900 Grades 2 and 6 teachers trained in use of new curriculum	US\$0.40
		DLR 3.3: 900 Grades 3 and 7 teachers trained in use of new curriculum	US\$0.40
		DLR 3.4: 900 Grades 4 and 8 teachers trained in use of new curriculum	US\$0.40
		Sub-total DLI 3	US\$1.5
DLI 4	Results-based management system piloted in 4 delegations	DLR 4.1: Design of instruments for results-based management and capacity building implemented in 4 delegations	US\$0.25
		DLR 4.2: Allocation and management of budget in 4 delegations based on pilot design	US\$0.50
		DLR 4.3: Evaluation of pilot report written and shared	US\$0.25
		Sub-total DLI 4	US\$1.00
		TOTAL	US\$6.40

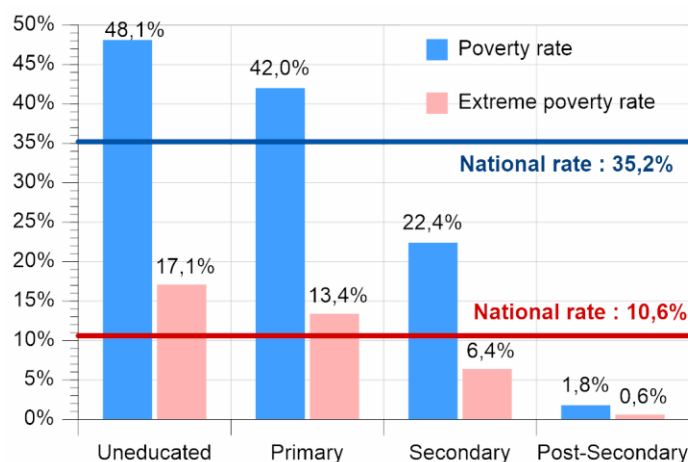


ANNEX 4: Economic and Financial Analysis

Cabo Verde Education and Skills Development Enhancement Project

1. The project supports the implementation of the Cabo Verdean Government's strategy in the field of improving access to and quality of basic education and enhancing the relevance of post-basic education and training. Specifically, the goal of the project is to support the expansion of basic education to Grade 8 and the creation of a SDF. This is expected to help improve retention and quality of learning in basic and secondary education and develop an offer of vocational, technical, and tertiary training that is better adapted to the needs of the labor market.
2. The project is expected to generate positive economic benefits through improvement of both: (a) internal efficiency of basic and secondary education owing to increased access and retention; and (b) higher employability for secondary and tertiary education graduates owing to training programs better aligned with labor market needs.
3. Investment in education is economically and socially profitable in Cabo Verde. Indeed, the data show that the prevalence of poverty declines significantly with the improvement in education levels: compared to a national average of 35.2 percent in 2015, less than 1 in 50 households (1.8 percent) is likely to experience poverty if the head of household has a level above secondary school, while this proportion exceeds 48 percent and 42 percent respectively for households whose head is illiterate or at the level of primary education.

Figure 4.1. Household Poverty Rates by Education Level of Head of Household (2015)



Source: Based on IDRF 2015, INE.

4. If in the case of a country like Cabo Verde, which has generalized primary education, the impact of the project in access remains limited, its main contribution lies in a better quality of education, which



embodies the project's main economic benefits. Indeed, several studies²⁸ have shown that the main determinant of economic growth is rather the quality of education and not its quantity. Therefore, an improvement in student performance of the equivalent of one standard deviation of their score in standardized tests generates an increase of 1 to 2 points of economic growth over the long term.

5. The investments to be made by the project in supporting the extension of the basic cycle to eight years, revising the basic education curriculum, training and supporting teachers and other educational personnel for the implementation of the reforms, and establishing a national student assessment system are likely to improve the conditions of learning and strengthen the capacities, motivations, and commitment of different actors. Similarly, the systematization of evaluations and the exploitation and dissemination of results will contribute to empower the various stakeholders for increased accountability and performance, by creating incentives for improved learning.

Improvement in Internal Efficiency

6. In terms of internal efficiency, the impact of the project is reflected in an expected significant reduction in repetition and dropout rates at various levels of study, especially for Grades 7 and 8, which will now be integrated into the basic education. Figures 4.2 and 4.3 illustrate the current situation and the improvements, based on government objectives, that will be achieved progressively by 2030.

Figure 4.2. Repetition Rate by Year of Study (2017 and 2030)

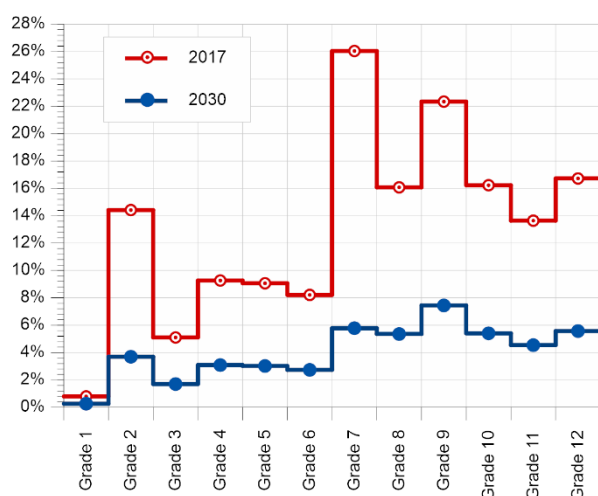
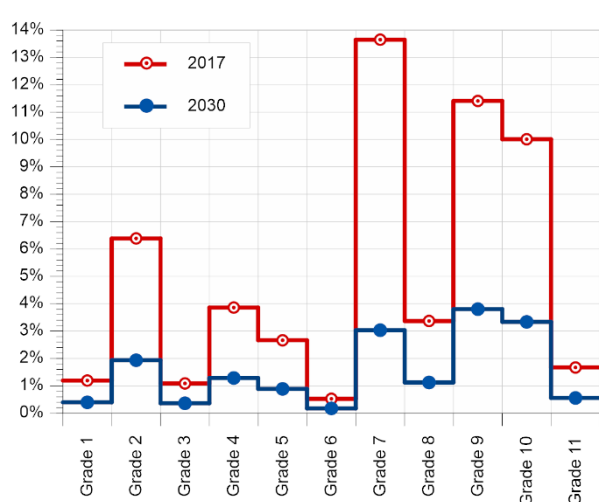


Figure 4.3. Dropout Rate by Year of Study (2017 and 2030)



Source: Authors based on MoE data

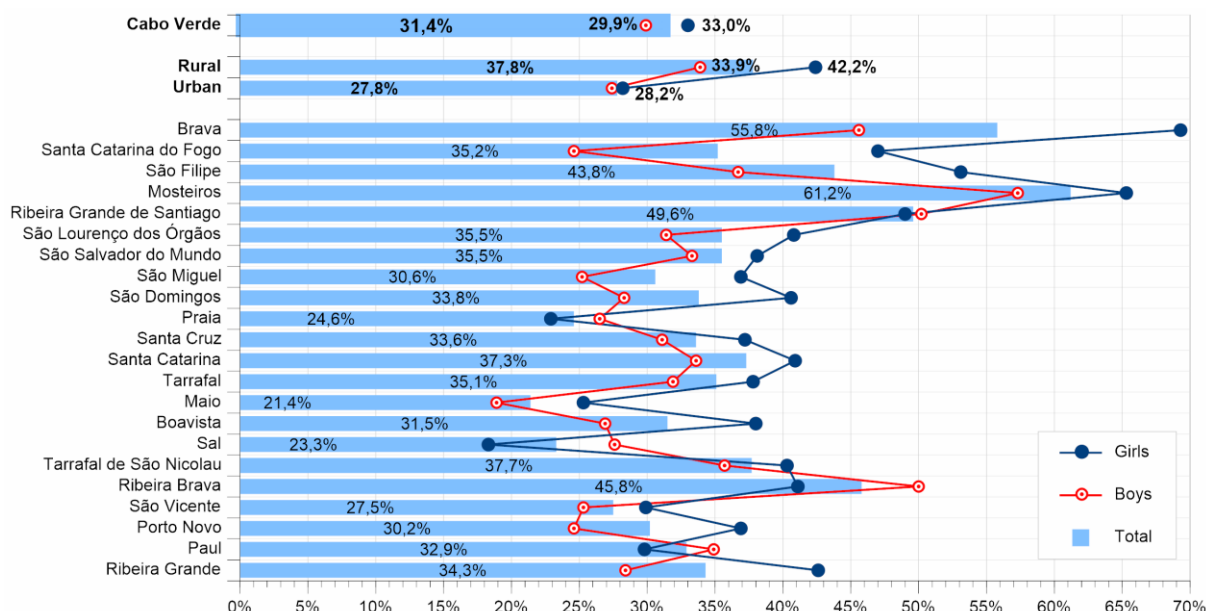
²⁸ Cf. par exemple: Eric A. Hanushek and Ludger Wößmann. 2007. "The Role of Education Quality in Economic Growth," World Bank Policy Research Working Paper 4122.



Higher Employability

7. The recent results of the IMC 2017 have shown that about one in three young people (31.4 percent) ages 15 to 24 are not in employment, education, or Training (NEET). This proportion exceeds 50 percent in some regions and more than 42 percent for girls in rural areas.

Figure 4.4. Proportion of NEET Youth Ages 15–24 by Municipality and Gender (2017)



Source: Based on IMC 2017.

8. The establishment of an SDF is expected to increase the likelihood to find employment and the prospective for higher wages for young people who would be equipped with the skills demanded by employers, particularly in the two priority sectors covered by the project (tourism and ICT). The project will develop the FPEF's concept and mechanisms, award grants to public and private training providers to cover the costs associated with the development of training programs, and support approximately 2,000 young people through scholarships to finance their training in niche areas selected as priorities. The economic impact of this component of the project is analyzed both in terms of facilitating access to employment for young people suffering from a context marked by high unemployment and improving productivity and the potential income of young people who have completed this training.

Main Assumptions and Estimates of the Economic Analysis

9. Table 4.1 presents the main assumptions and estimates of the financial and economic long-term benefits resulting from the impact of the project with regard to the improvement of the quality of education translated in terms of improving the internal efficiency of the basic and secondary education and in terms of improving the employability of young beneficiaries of the SDF.



Table 4.1. Assumptions and Results of the Economic Analysis

	Table Current Situation (2017)	Average for 2024–2035	
		Without Project	With Project
Impact of decreased repetition			
At primary			
Repetition rate at primary level (Grades 1–6) (%)	7.98	7.98	5.1
Number of repeat pupils in primary school	5,116	5,294	3,115
Unit cost of primary school operations (CVE/student)	67,988	67,988	67,988
Annual cost of repetition (CVE, millions)	348	360	212
Benefit: Budget savings/year (CVE, millions)			148
At Secondary 1 (Grades 7 and 8)			
Repetition rate at Secondary 1 (Grades 7–8) (%)	22.58	22.58	8.2
Number of repeat students in Secondary 1	5,342	4,626	1,497
Unit cost of operations in Secondary 1 (CVE/Student)	79,286	79,286	79,286
Annual cost of repetition (CVE, millions)	424	367	119
Benefit: Budget savings/year (CVE, millions)			248
At Secondary 2 and 3 (Grades 9 to 12)			
Repetition rate at Secondary 2 and 3 (Grades 9–12) (%)	17.77	17.77	7.5
Number of repeat students in Secondary 2 and 3	5,868	6,522	2,725
Unit cost of operations at Secondary 2 (CVE/student)	73,657	73,657	73,657
Annual cost of repetition (CVE, millions)	432	480	201
Benefit: Budget savings/year (CVE, millions)			280
Impact of decreased dropout			
At primary			
Dropout rate (%)	1.10	1.10	0.9
Number of students leaving primary/year	1,798	1,719	599
Annual revenue difference (CVE, thousands)			
Completed primary/unfinished primary	178	178	178
Unfinished primary/no instruction	89	89	89
Benefit: Additional income/year (CVE, millions)			150
At Secondary 1 (Grades 7 and 8)			
Dropout rate (%)	9.29	9.29	2.3
Number of students leaving Secondary 1/year	2,067	1,492	472
Annual revenue difference (CVE, thousands)			
Primary completed/secondary unfinished	183	183	183
Benefit: Additional income/year (CVE, millions)			186
In Secondary 2–3 (Grades 9–12)			
Dropout rate (%)	9.29	9.29	2.3
Number of students dropping Secondary 2–3 years	3,067	3,409	843
Annual revenue difference (CVE, thousands)			
Secondary completed/secondary unfinished	158	158	158
Completion rate among improvements (%)	50	50	50
Benefit: Additional Income/Year (CVE, millions)			202
Impact of improving employability			
NEET rate (ages 15–24 years) (%)	31.40	31.40	29.2
Number of students benefiting from the FPEF financed by the			2,000



	Table Current Situation (2017)	Average for 2024–2035	
		Without Project	With Project
project			
Annual revenue (CVE, thousands)		538	646
Unemployment rate of applicants/beneficiaries (%)		50	5
Benefit: Total Additional Income (CVE, millions)			689

10. The benefit of the project is measured in three ways: (a) in terms of improving the efficiency of public expenditure because of the reduction in the cost of repetition and a better completion of the basic and secondary cycles; (b) improving the productivity and economic contribution of school leavers, which can be measured by the improvement of income levels; and (c) ultimately in terms of improving the productivity of the beneficiaries of the SDF.

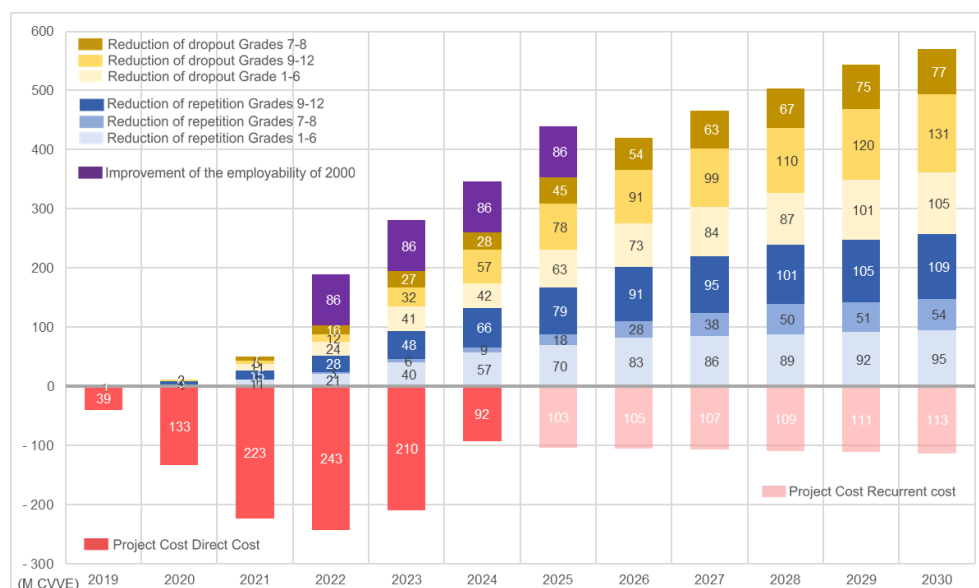
11. Table 4.1 shows that the persistence of a high repetition level in primary (8 percent) and especially in secondary (22.6 percent in Secondary 1 and 17.8 percent in Secondary 2 and 3) levels causes a high budget cost estimated at close to CVE 1.2 billion per year. The reduction of consecutive repetition, in particular by extending the duration of basic education to eight years, will result in an overall saving of CVE 676 million for all basic and secondary education. On the other hand, the reduction in dropouts will improve the average qualification levels and income levels of school leavers. The economic advantage of the productivity differential is estimated through the differences in the earnings of school leavers who, through the reduction of repetition, improve their number of years of schooling. The overall benefit for the basic and secondary cycles following the reduction in the dropout rate and subsequent increase in future wages is estimated at an annual average of CVE 538 million.

12. In addition, the 2,000 young people who will be supported by the project through the SDF will experience both a reduction in their unemployment rate and an improvement in their potential income of at least 20 percent. The economic benefit associated with the SDF component is estimated at CVE 689 million.

13. The project's IRR is calculated on the basis of project direct costs (CVE 940 billion) and estimated recurrent costs, on one hand, and the expected benefits as presented in table 4.1, on the other hand. Recurrent costs include the operation of the new evaluation system and the continuation of the training program (CVE 113 billion in annual average). The project is estimated to generate a relatively high IRR of about 40 percent during 2019–2035. The project's net present value is the undiscounted sum of the cost-benefit stream of about CVE 5 billion. The adoption of a discounting cost of 1.5 percent (approximately equivalent to the GDP deflator) results in a net present value of CVE 4.1 billion. Figure 4.5 shows the evolution of the cost-benefit stream of the project for 2019–2030.



Figure 4.5 Evolution of the Cost-benefit Flow of the Project (2019–2030)



Sustainability

14. The education reform efforts supported through Component 1 of the project are anchored in the government development strategy (PEDS) and the education sector strategy (ESP), and are fully funded in the Government's regular budget, ensuring fiscal sustainability. In addition, Component 1 is DLI-based, indicating that the project is directly being implemented as part of the overall Government system and reforms. The RBF mechanism rewards the MoE for achieving key results related to its objectives, and supports the achievement of medium-term goals and their sustainability. This approach will enhance the impact of the World Bank's financial and technical support and increase the overall results orientation of the MoE's strategy.

15. Sustainability of funding for the skills development sector has been an issue in Cabo Verde over the past years. The approach adopted in the design of the project to address this issue is three folds: (i) providing much needed financing to the sector to facilitate access to skills to young Cabo Verdeans in the short-term; (ii) supporting a demand-based approach conducive to ensure adherence of key stakeholders thanks to better employability of graduates and an appropriate response to productive sectors' needs; and (iii) providing TA to address the longer-term need of financial sustainability of the skills development sector.